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No Change To Nuclear Pact Despite U.S. Doubt

OW0712130395 Tokyo KYODO in English
1101 GMT 7 Dec 95

[FBIS Transcribed Text] Bangkok, Dec. 7 KYODO — The leaders of all 10 Southeast Asian nations will go ahead with the signing of a nuclear weapon-free zone treaty Dec. 15 despite doubts over its wording by the United States and other nuclear powers, a senior Philippine official said Thursday [7 December].

"There's not going to be any change in the treaty and protocol," Philippine Foreign Undersecretary Rodolfo Severino told KYODO NEWS SERVICE amid a series of meetings of senior officials of the Association of Southeast Asian Nations (ASEAN).

Severino was referring to the Southeast Asia nuclear weapon-free zone treaty to be signed in Bangkok by the seven ASEAN leaders and their counterparts from the three other countries in Southeast Asia — namely Cambodia, Laos and Myanmar.

ASEAN includes Brunei, Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam.

Also referred to by the official was a protocol of endorsement which ASEAN has been trying to persuade the world's five acknowledged nuclear powers — Britain, China, France, Russia and the United States — to sign.

Severino said the decision to have the treaty signed in its present form was made after senior officials met Wednesday in an eleventh hour attempt to address concerns of the countries invited to sign the protocol.

"Most of their concerns were taken into account, but there's such a thing as a limit," Severino said.

The U.S. objects to a portion of the draft protocol which reads that each party to it undertakes "not to use or threaten to use nuclear weapons" within the declared zone against any other party to it.

China, which has territorial disputes with ASEAN countries over areas of the South China Sea, Vietnam in particular, opposes wording in the draft treaty referring to its application to "continental shelf and exclusive economic zones."

"I'm confident that if we talk some more we will be able to clarify these provisions to their satisfaction," Severino said.

ROK, U.S., New Zealand, Australia Hold Talks

SK0612013395 Seoul THE KOREA HERALD
in English 6 Dec 95 p 8

[FBIS Transcribed Text] Korea begins today the quarterly beef talks with supplying nations including the United States to set the details of 1996 private imports, said the Agriculture, Forestry and Fisheries Ministry yesterday.

The three-day negotiation at the Kwachon government complex will center around how Korea's "super groups," or designated importers, will handle the 58,800-ton private trade allowed under the SBS (simultaneous buy and sell) system next year.

Other than the U.S. delegation, the Australian and New Zealand beef officials will also attend the talk.

Korea is committed to import at minimum 147,000 tons of beef in 1996, of which 40 percent, or 58,000 tons can be brought in by private importing groups, which currently number six.

Negotiators are expected to determine the individual import quotas for each of the six super groups. A livestock official explained, "The exporting countries have close interests in which super groups get how much quota because different groups favor different origins."

Producers' associations like the National Livestock Cooperatives Federation (NLCF) have bought more Australian beef for its lower price, while a hotel chain group tends to buy more U.S. beef for the variety offered.

For the current year, the minimum import quota was set at 123,000 tons, of which 36,900 tons, or 30 percent, was bought under the SBS, as stipulated under the WTO (World Trade Organization). The non-SBS portion of remaining 70 percent is brought in by the governmental importing agency of the Livestock Products Marketing Organization.

A livestock official who will attend the talk also said additional super groups may be announced at the end of the latest round of discussion.

Further on Disagreement Over Farm Produce

BK0812060095 Bangkok THE NATION in English 8 Dec 95 pp A1, A2

[Report by Chirawat Na Thalang, Atchara Phongwutthitham, and Wichit Chaitrong]

[FBIS Transcribed Text] ASEAN'S ambitious plan to launch a free trade area by 2003 hit a stumbling block yesterday as senior economic officials failed to agree on the special treatment for "sensitive" farm products under the Asean Free Trade Area (Afta).

Meanwhile, a Philippine delegate suggested that Asean conclude talks on liberalization in the service sector by 1996 to allow the plan to take off in 1997.

Asean officials decided to leave the sensitive farm products dispute for the economic ministers to resolve in their meeting at the Afta Council forum on Dec 10.

Kroekkrai Chiraphaet, director general of the Business Economics Department, said the main obstacle for negotiators has been Indonesia's continued insistence on excluding 15 farm product items from the list of tariff cuts.

Nevertheless, progress was made on a number of issues including intellectual property, investment cooperation, and an amendment to the common effective preferential tariff (CEPT) — the tariff cut mechanism of Afta.

While officials also reached an agreement to enhance cooperation within Asean, they have not yet agreed on how to liberalize services. Kroekkrai said they would discuss the issue today.

The priority services sectors under discussion are telecommunications, transport, tourism, hotel, construction, finance and business services.

Meanwhile, Deputy Prime Minister Amnuai Wirawan said the Thai private sector would be called to a meeting after the Asean Summit to map out an action plan for the service sector's liberalization.

Asean members will start negotiations for service liberalization on Jan 1996 and the process will be concluded in 1998, according to Kroekkrai, who also chaired the Asean senior officials meeting.

Amnuai said Asean has entered a new stage of liberalization by trying to include service liberalization after it had succeeded in agreeing to lift the tariff barriers for Asean manufactured goods and processed farm goods.

In a separate interview, Edsel Custudio, the Philippines' head trade negotiator who is also the chairman of the Asean working group drafting the service agreement, said Asean members should conclude the talks on five priority service sectors within one year.

The five priority areas are telecommunications, finance, tourism, transport and professional services.

Custudio also commented that Asean members should start the liberalization process right from Jan 1997.

Amnuai said Thailand was ready to open its service sector because it was already quite competitive. For instance, many Thai-owned telecommunications companies have now starting investing abroad, such as in Indonesia, the Philippines and Laos.

"We have seen Thai telecommunications companies already playing a significant role in this region," he said.

According to Amnuai, Thailand's public and private sectors should meet after the Asean Summit to discuss what Thailand should do to liberalize the service market.

He conceded that negotiations on service liberalization in Asean might be more difficult than negotiating for the opening of the merchandise market, because the merchandise goods talks involved only import taxes. Service liberalization talks, however, involve many companies and such things as work permits for foreign individuals.

According to the final draft of the agreement on services proposed for the endorsement of the Asean economic ministers on Dec 11, Asean in the first round of negotiations will give emphasis to financial services, tourism, transportation, construction and business services.

"Open sky" or aviation liberalization will also be a priority.

Amnuai said priority sectors would also include finance, telecommunications, tourism, transportation, construction and business services.

Official Threatens To Pull 44 Products

BK0812040895 Bangkok BANGKOK POST in English 8 Dec 95 pp 1, 3

[Report by Peter Maitri Ungphakon, Somphon Thapanachai and Wichit Sirithawiphon]

[FBIS Transcribed Text] Deputy Agriculture Minister Suwit Khunkitti threatened yesterday to withdraw 44 Thai agricultural products from the ASEAN Free Trade Area [AFTA] programme if Indonesia continues to insist on withdrawing rice, sugar and other items.

Mr Suwit's threat, issued in a statement from the Agriculture Ministry, is the strongest Intervention so far from a Thai cabinet member. Some Thai officials are said to have made similar threats, but in a milder tone, during closed-door discussions in recent months.

His comment came as ASEAN economic officials wrapped up two days of talks without reaching agreement on the dispute, forcing the group's economic ministers to seek a solution when they meet this weekend.

The agricultural dispute is turning into one of the most serious problems facing officials and ministers as they prepare for the ASEAN summit next Thursday and Friday. Another is the attempt to redraft or clarify the proposed Southeast Asian Nuclear Weapons-Free Zone in a way that would satisfy the five declared nuclear powers.

Kroekkrai Chiraphaet, director-general of the Thai Business Economics Department, said the economic officials would not directly submit a list of options to the ministers, who meet as the ASEAN Free Trade Area Council on Sunday.

Instead, the officials would present the ministers with a report containing the range of suggestions made so far, he said.

This would include expressions of sympathy for Indonesia's position, a suggestion that the controversy remain unresolved until ASEAN works out clearer principles for dealing with sensitive products, and a suggestion that whatever is resolved should lead to trade barriers on these products coming down faster than is envisaged under the World Trade Organisation and Asia-Pacific Economic Cooperation (APEC) group.

Indonesia proposes that it recategorise the 15 products as "sensitive". This would mean withdrawing them from AFTA indefinitely instead of temporarily delaying the reduction of tariffs.

From the outset Indonesia listed close to 100 products as sensitive, officials say. But it is the delayed decision to add a further 15 that is causing the controversy.

Under AFTA's complex set of categories for lowering tariff barriers, Indonesia previously designated the 15 as products for temporary exclusion from AFTA. This meant tariffs could remain high for a period, so long as the target liberalisation of 0%-5% tariffs was achieved by 2003.

The regular schedule requires tariffs to decline gradually throughout AFTA's phase-in period. No decision as been made on what should happen to "sensitive" products.

Thailand objects not only to Indonesia's desire to protect products that Thailand exports, but also to the fact that Indonesia is weakening a previous commitment.

Some other countries, such as Malaysia, are said to sympathise with Indonesia's treatment of these products as sensitive, but at the same time to be unhappy with what is seen as backtracking.

In his statement, Mr Suwit pointed out that other ASEAN members previously suggested that Indonesia could cushion any shocks that might be caused by a surge in imports by using an alternative emergency clause that allows trade barriers to be raised temporarily under certain conditions.

He said that his ministry had already adjusted its plans twice to accommodate liberalisation — once for the Uruguay Round of world trade talks, and once when ASEAN members decided to bring agricultural goods into AFTA.

Thailand cut its initial list of 51 sensitive products to only seven during the first round of negotiations, Mr Suwit said.

"If there are any changes to the introduction of agriculture into the ASEAN Free Trade Area cooperation, the Ministry of Agriculture and Cooperatives has asked the Finance Ministry, which is responsible for negotiating this issue, to propose restoring Thailand's original list of sensitive products from (the present) seven to 51," Mr Suwit's statement said.

Finance Minister Surakiart Sathianthai, an expert on international trade, will represent Thailand at Sunday's meeting of the AFTA Council.

Mr Kroekkrai said yesterday Thailand might be prepared to remove all seven of its products from the sensitive list if Indonesia put a significant portion of its 15 products back into AFTA.

"If you can reduce to seven,, we might go to zero," he told an Indonesian journalist.

But he also warned that going back on earlier commitments would undermine the credibility of the free trade programme and could lead to further backtracking.

India Barred From Full ASEAN Membership

BK0712143195 Bangkok THAILAND TIMES in English 7 Dec 95 p A2

[Report by Saranyu Samakratthakit]

[FBIS Transcribed Text] Bangkok: India could not apply to become a full member of the Association of Southeast Asian Nations although the country will sign the ASEAN treaty of amity and cooperation.

Foreign Ministry spokesman Suwit Simasakun yesterday said during the ASEAN senior officials meeting that the association has no plans to give full membership to India and other non-Southeast Asian countries. Suwit said ASEAN needs to limit its grouping to the ten nations in Southeast Asia. He said other South Asian nations would rush to apply to ASEAN if India was accepted to join.

South Asia, comprising India, Bhutan, Sri Lanka, Nepal, Bangladesh, Maldive Island, and Pakistan are involved in too many internal conflicts, he added.

Suwit said although the membership of ASEAN will be restricted to 10, neighboring countries can sign the Treaty of Amity and Cooperation in Southeast Asia.

Moreover, Suwit said Vietnam would sign a protocol amending the agreement on ASEAN Energy Cooperation during the summit.

Senior Official Finalizes Summit Preparations

BK0812083795 Bangkok THAILAND TIMES in English 8 Dec 95 p A3

[Report by Saranyu Samakratthakit]

[FBIS Transcribed Text] Bangkok — A group from the Association of Southeast Asia Nation's directors-general plans to visit Laos and Cambodia early next year to facilitate the two countries taking a step closer to becoming part of the Southeast Asian family.

Burma, however, has not requested assistance, said Foreign Ministry spokesman Suwit Simasakun.

The ASEAN Senior Officials meeting and ASEAN directors-general meeting yesterday finalised the preparation of two papers which will be signed on December 15, namely the draft report of the Foreign and Economic ministers to the ASEAN Heads of Government, and the Bangkok Summit Declaration.

The ASEAN directors-general plan to visit Laos and Cambodia in January 1996 as part of the 4 process to facilitate the two countries' entry into the association.

The spokesman said the human resources development was the type of assistance most urgently needed in Laos, Cambodia, and Burma.

Suwit said the meeting had established that countries in ASEAN such as Singapore, Thailand, and Malaysia would train officials from Laos and Cambodia to become familiar with ASEAN's structure.

Considering the internal situation right now in Burma, Suwit said he believed Burma could be a full member within two or three years if they would like to do so.

Burma's Prime Minister Than Shwe is expected to join the fifth ASEAN summit in Bangkok on December 14. It is hoped that Burma will sign the treaty to make Southeast Asian a nuclear weapons free zone along with nine other leaders in the region.

Deputy Director General for East Asian Affairs Norachit Sinhaseni said a decision on whether Burma would sign the treaty depends Than Shwe.

Suwit said the ASEAN has extended the same assistance to Burma's leader as the leaders of Laos and Cambodia

.

ASEAN Officials Discuss Service Negotiations

OW0712153195 Tokyo KYODO in English 0807 GMT 7 Dec 95

[By Dario B. Agnote]

[FBIS Transcribed Text] Bangkok, Dec. 7 KYODO — Economic ministers of the Association of Southeast Asian Nations (ASEAN) are expected to sign a service cooperation treaty next week liberalizing services such as banking and finance by substantially eliminating all existing discriminatory measures and market access limitations among ASEAN member economies.

The pact prohibits new or more discriminatory measures and market access limitations in ASEAN, the world's most economically dynamic region today, ASEAN officials said.

The treaty is expected to be endorsed by ASEAN leaders during a summit in Bangkok Dec. 14 to 15, and is expected to bolster the ASEAN free trade area.

The accord provides access to ASEAN member states to enter into negotiations covering all service sectors and all modes of supply. It also involves commitments on market access, national treatment and additional commitments made by member economies inscribed in their schedules of specific commitments under the general agreement of trade in services.

"Such negotiations shall be directed toward achieving commitments which are beyond those inscribed in each member state's schedule of specific commitments under the general agreement on trade in services," the accord said.

An ASEAN economic official, who requested anonymity, said, "we will do the first round of negotiations by Jan. 1, 1996 and these negotiations should conclude no later than Dec. 31, 1998."

The first round of talks will give emphasis to financial services, maritime transport services and telecommunication services, tourism, construction and business services, the official said.

The agreement, however, gives each member state the flexibility to determine the extent of the sectors to be opened for negotiations. "In a way, open means you reserve the right to protect a sector which you want to protect," an economic official said.

The economic ministers may set directions on future negotiations, including sectors for negotiations, and subsequent rounds of negotiations shall be undertaken until a free trade area in services is reached, the official said.

The agreement will further strengthen and enhance existing cooperation efforts in service sectors and develop cooperation in sectors that are not yet covered by existing cooperation arrangements, such as establishing or improving infrastructural facilities' joint production, marketing and purchasing arrangements, research and development, and exchange of information.

"Member states shall identify sectors for cooperation and formulate action plans, programs and undertakings that shall provide details on the nature and extent of cooperation," the accord said.

The treaty does not apply to a service supplier from nonmember states or a "juridical person owned or controlled by persons of a nonmember state constituted under the laws of a member state, but not engaged in substantive business operations in the territory of member states."

ASEAN plans to establish a specific dispute settlement mechanism as an integral part of the agreement.

"Nothing in the framework agreement will affect the rights of member states to enter into other agreements not contrary to the principles, objectives and terms of this agreement," the pact said.

Thailand Requests Japanese Aid for ASEAN

OW0712150595 Tokyo KYODO in English 1104 GMT 7 Dec 95

[FBIS Transcribed Text] Bangkok, Dec. 7 KYODO — The Association of Southeast Asian Nations (ASEAN) anticipates assistance from Japan in helping to integrate Cambodia, Laos and Myanmar into the regional grouping, according to a Thai Government statement received Thursday [7 December].

The statement said that Thai foreign minister Kasem S. Kasemsri and ASEAN Secretary General Ajit Singh discussed the issue when they met in Bangkok on Wednesday in advance of the fifth ASEAN summit on Dec. 14-15.

Kasem was quoted as noting that Japan's Ministry of International Trade and Industry (MITI) is already in the process of assisting Vietnam in the framework of its cooperation with ASEAN.

During a meeting in Brunei last September with ASEAN economic ministers, MITI minister Ryutaro Hashimoto pledged that Japan will offer further such assistance "for the smooth integration" of future ASEAN members.

ASEAN and MITI have agreed that a working group on economic cooperation in Cambodia, Laos, Myanmar and Vietnam should formulate a detailed plan for the early implementation of various work programs.

Those programs fall into seven areas of cooperation, including promotion of market economy transitions, establishing special market economy zones, and supporting infrastructure development and personnel training.

Official Views Importance of Bangkok Declaration

BK0712142695 Kuala Lumpur THE STAR in English 7 Dec 95

[Report by Shahanaaz Sher Habib and Mergawati Zulfakar — received via Internet]

[FBIS Transcribed Text] Bangkok — The Bangkok Summit Declaration will lay the groundwork for an ASEAN plan of action into the next century, Foreign Ministry secretary-general Tan Sri Ahmad Kamil said yesterday.

He said the declaration, to be signed by ASEAN leaders on December 15, would outline a clear vision for the association, one which would ensure that it is in control of its own destiny.

"We want an ASEAN that can contribute towards peace and stability in the region and towards international peace," he told Malaysian journalists after the first day of the senior officials' meeting.

Ahmad Kamil said it was important for ASEAN to be responsive and able to play its own independent role in global and political issues.

"We want an ASEAN that is dynamic and one which moves with the times in all areas," he said, adding that when the heads of government meet for the next summit 1998, all the groundwork would have been completed.

He also said the South-East Asia Nuclear Weapons Free Zone, expected to be signed during the summit was a "good beginning" and an important landmark for ASEAN.

"It underpins the ZOPFAN (Zone of Peace, Freedom and Neutrality) Treaty and is very much in line with our own policies," he said.

He believed there would be no difficulty in securing agreement from all ASEAN countries to sign the treaty "because we have already been at it for the last ten years and agreed to the substance."

Ahmad Kamil also said yesterday's meeting discussed preparation for the ASEAN-Euro Leaders meeting (ASEM) and the issues that should be raised in that meeting.

Manila Urges Accelerating Service Liberalization

BK0812043395 Bangkok BANGKOK POST in English 8 Dec 95 p 8

[Report by by Somphon Thapanachai and Wichit Sirithawiphon]

[FBIS Transcribed Text] ASEAN should aim to conclude an agreement to liberalise five service sectors within a year, the Philippine delegation proposed yesterday.

ASEAN Economic Ministers agreed at a meeting in Osaka last month that the seven member states would start talks on liberalisation of services beginning on January 1, 1996, with a view to producing an agreement within three years.

Philippines Assistant Trade and Industry Rebretary Edsel T. Custodio said the organisation should speed up negotiations so an agreement could be signed within one or two years covering five sectors that ASEAN members, with the exception of Vietnam, are cooperating in. They are construction, financial services, transport, tourism and business services.

However, Director-General of the Business Economics Department Kroekkrai Chiraphaet said the three-year timeframe for negotiations to be held from the first day of next year until 1998 still stands.

He said: "That's only the Philippines' idea," to bring forward the service agreement deadline.

Mr Kroekkrai co-chaired yesterday's meeting of senior economic officials preparing for the upcoming meeting of ASEAN heads of government next week. The economic officials will meet jointly with the political officials today.

ASEAN economic ministers will sign a framework agreement on services, among other crucial treaties, at the meeting. The agreement deals with cooperation — such as joint development of infrastructural facilities and business services — and liberalisation.

The organisation first mooted expanding cooperation on services in earnest in April last year with a view to go further than the international framework provided for in the General Agreement on Trade in Services.

Japan

Envoy to U.S. Backs Bilateral Security Alliance

OW0812073795 Tokyo KYODO in English 0709 GMT 8 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 8 KYODO — Japan should maintain its security alliance with the United States in the face of some destabilizing factors in Asia, Japan's newly appointed ambassador to the U.S. said Friday [8 December].

"It's true the Cold War structure has collapsed. But unfortunately there still remain some destabilizing factors in some of our Asian neighbors," Kunihiko Saito told a press luncheon.

"You cannot say destabilizers or uncertainties have vanished in Japan's neighbors," he said, pointing to the potentially dangerous situation on the Korean peninsula, China's murky future and the tense relations between China and Taiwan.

Saito, who will leave for the U.S. later this month to succeed Takakazu Kuriyama as the new Japanese envoy, contended that Japan should depend on U.S. forces under the bilateral security arrangements, while building up its minimal defense capability.

He also noted that the maintenance of close relations with the U.S. will contribute to enhancing Japan's ties with other Asian countries.

"There is no doubt other Asian nations will become cautious about us if our relations with the U.S. are not sound," said Saito, who had served as vice foreign minister.

He also repeated his contention that the Japanese Government should strive further to ease Okinawa's burden in relation to the heavy U.S. military presence in the southwestern prefecture.

"If Okinawa shoulders too heavy a burden, it is the Japanese Government's duty to ease it," he said, adding the government also should tell the nation why Japan-U.S. security arrangements are necessary even after the end of the Cold War.

The new ambassador said he looks forward to U.S. President Bill Clinton's early state visit to Japan even if the exact date has yet to be fixed.

On the economic front, Saito called for Tokyo's further efforts to slash its mammoth current account surplus with the U.S. and other major trading partners.

But he also sounded an optimistic note about Japan's economic relationship with the U.S., saying the bilateral relationship will never be destroyed over any economic dispute.

Nosaka on U.S. Jet Noise, Live-Fire Issues

OW0812063595 Tokyo NIHON KEIZAI SHIMBUN in Japanese 6 Dec 95 Evening Edition p 2

[FBIS Translated Text] Touching on the issue of U.S. military bases in Okinawa Prefecture, Chief Cabinet Secretary Koken Nosaka said: "If we can settle the jet noise problem and other issues, I think the Okinawan people will feel slightly relieved. We are speeding up our work." Speaking at a morning news conference on 6 December, Nosaka indicated hopes for setting a target date in concluding a Japan-U.S. pact which imposes certain restrictions on takeoff and landing of U.S. military aircraft during the night.

On moving the site for the live-fire drill now being conducted across Okinawa Prefectural Highway 104 to other prefectures, he merely stated: "This is a domestic issue. Because it is expected that the localities selected as possible relocation sites will oppose such a proposal, this issue is being carefully discussed at the Defense Facilities Administration Agency."

Judicial Gap May Become 'Barrier' Over Daiwa

OW0712145895 Tokyo SHUKAN DAIYAMONDO in Japanese 9 Dec 95 Issue p 15

[FBIS Translated Text] The U.S. financial authorities inflicted a severe punishment on Daiwa Bank by suspending its operations in the United States. Apparently, the issue is becoming calm at the government level because the Ministry of Finance [MOF] made a behind-the-scenes apology to the U.S. administrative authorities, who had expressed their displeasure toward the MOF's delay in informing the United States. However, a full-scale judicial investigation into the scandal is yet to start.

In early November, the Federal District Court lodged a complaint against Daiwa Bank on 24 charges, including forgery of official documents and concealment of felony, and the Federal Grand Jury indicted the bank. The indictment concludes that Toshihide Iguchi, former employee of the bank's U.S. affiliate, who is the principle offender; Masahiro Tsuda, former general manager of Daiwa Bank's New York branch (who is out on bail); board members of the bank's headquarters; former president of the bank's affiliate Daiwa Bank Trust; and others mapped out a plan at a New York City hotel to forge documents and hide other matters.

Moreover, although the indictment contains no names, the district court is already screening out several specific people for questioning. On the basis of Japan-U.S. judicial cooperation, the U.S. judicial authorities will ask, through diplomatic channels, the Japanese Justice

Ministry for cooperation if the district court actually translates its plan into action. However, regarding the cover-up and other offenses by Daiwa, it is expected that Japan will conclude they are "not crimes but something tantamount to a violation of the rules." An act that is considered a crime in the United States may not be a violation of law in Japan. It seems that the legal difference between Japan and the United States will become a major barrier.

It is possible that the "specific people" may be put in jail if they are handed over to the U.S. side as witnesses. Because of this, some people are of the view that Japan, owing to its political decision, may refuse to cooperate with the U.S. side. In other words, it is possible that a U.S. request for cooperation may be refused flatly for double reasons.

Meanwhile, "Debevoise Plimpton," a highly reputable law firm in the United States, agreed to defend Daiwa Bank. Attorney General Mary White, who will be in charge of the Daiwa Bank scandal, is a former employee of this law firm. Moreover, Tsuda's lawyer Arkin is known for his proficiency. It seems that they will claim complete innocence.

The Congress at the governmental level, and Senate Banking Committee Chairman Damato in particular, are not relaxing their pursuit. However, it seems that some White House members and financial authorities have begun to lean toward not worsening Japan-U.S. relations, which are confronted with other difficult issues, over the Daiwa scandal.

Minister Says Tokyo Still at War With Russia

OW0612132695 Tokyo KYODO in English 1305 GMT 6 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 6 KYODO — Masaaki Nakayama, director general of the Management and Coordination Agency, said Wednesday [6 December] that Japan is technically still at war with Russia.

Nakayama told a House of Councillors committee, "Legally speaking, the state of war (between Japan and Russia) remains."

The Foreign Ministry was quick to correct his remarks, saying they are "a complete misunderstanding of the facts."

The 1956 Japanese-Soviet Joint Statement declared an end to the war and a rapprochement between the two countries.

A top Foreign Ministry official told reporters that Nakayama was wrong.

Asked later at the same committee meeting by a member of the Japanese Communist Party if he really meant what he said, Nakayama said, in a virtual reversal, that bilateral relations have improved and diplomatic ties have been established.

MOFA Considering Kono Visit to Russia in Apr

OW0612123695 Tokyo KYODO in English 1217 GMT 6 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 6 KYODO — The Ministry of Foreign Affairs [MOFA] is considering a visit to Russia by Foreign Minister Yohei Kono prior to an international summit on nuclear power and safety in late April, a high-ranking ministry official said Wednesday [6 December].

Another ministry official also indicated the visit will take place after the formation of the new Russian cabinet in late February.

The officials said any visit by Kono before the formation of the cabinet following the election for Russia's lower house of parliament, the State Duma, would be difficult.

EPA Head Disputes Economic Growth Estimate

OW0812044395 Tokyo KYODO in English 0153 GMT 8 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 8 KYODO — Japan's top economic planner brushed aside as "too low" the projection by the Organization for Economic Cooperation and Development (OECD) of a 1.8 percent growth in Japan's gross domestic product (GDP) in 1996.

"The 1.8 percent projection is too low and the OECD appears not to have taken into consideration the effects of a package of economic measures (unveiled in September) and the stabilization of the yen-dollar exchange rate" since last summer which have given a reprieve to Japan's export-dependent industries, said Isamu Miyazaki, director general of the Economic Planning Agency (EPA).

"Probably, the OECD did not have leeway to measure the effects of the Sept. 20 economic package deeply enough and when I examined (various) economic indicators released after the implementation of the package, the 1.8 percent projection has the impression of being too low," he said.

Miyazaki told a news conference after a cabinet meeting that Japan's inflation-adjusted GDP growth for fiscal 1996 starting next April 1 will come to somewhere between 2 percent and 3 percent.

"(GDP growth) will climb above the 2 percent line but will not reach 3 percent," he said.

He sought to downplay the impact of his remark on a government-organized panel meeting Thursday [7 December], where he said the real GDP growth for fiscal 1996 will be "2 percent and a bit."

The EPA chief said he sought to imply, with the remark, that the inflation-adjusted GDP growth will come to somewhere between 2 percent and 3 percent.

OECD Provides Forecast for Economy

OW0812041995 Tokyo KYODO in English
2317 GMT 7 Dec 95

[FBIS Transcribed Text] Paris, Dec. 7 KYODO — Japan should maintain its easy-money policy and strive to restore the health of its battered financial system so as to get its economy back on its feet, an Organization for Economic Cooperation and Development (OECD) report said Thursday [7 December].

In its latest economic survey, the OECD said "the Japanese economy is experiencing an exceptionally long period of depressed activity, as hopes of a recovery, which were evident in early 1994, did not fully materialize."

The OECD secretariat projected the growth of Japan's real gross domestic product (GDP) in 1995 at 0.3 percent, down from a previously estimated 1.3 percent.

The 25-nation, Paris-based economic organization also forecast Japan's GDP will grow in 1996 at a rate of 1.8 percent, down from an earlier estimate of 2.3 percent.

While hailing Japan's series of key lending rate cuts and its release of a fresh pump-priming package in September, the OECD voiced doubts about the nation's ability to emerge from its worst economic slump since the end of World War II.

Despite such measures and the recent fallback of the yen, the OECD said in its annual report, "there are still uncertainties as to the strength of the upturn."

"This suggests the maintenance of an easy monetary stance as well as the rapid implementation of a government program, involving public money, to deal with the fragility of credit institutions," the OECD said.

Citing the weakness of Japan's financiers saddled with huge amounts of bad loans, the international economic organization indicated the need for the Japanese Government to inject public money for a rescue of the ailing banking industry.

At the same time, however, it said, "the benefits of public intervention to restore a sound banking system would have to be set against the problems associated with moral hazard and the further widening of the budget deficit."

The OECD called on Japan to maintain its expansionary fiscal policy at least until its economy is back on a steady path to recovery.

But the world economic group also pressed Japan to take adequately powerful steps toward fiscal rehabilitation in a longer range.

"Although too rapid a reduction of the budget deficit would not be appropriate as long as the economy remains weak, there is a need for fiscal consolidation in the medium term given the already high government deficits and debt," it said.

In the latest economic survey, the OECD reinforced the importance of structural reform of the Japanese economy primarily through deregulatory efforts.

While acknowledging progress in deregulation in Japan in recent years, the group complained of the "slow pace of deregulation overall" and urged further reduction of government intervention in its economy.

The OECD sought in the report "prompter action" on deregulation, including a further liberalization of the distribution system and a more vigorous enforcement of competition laws.

"This would contribute to making the Japanese market more open, accessible and efficient for domestic and foreign firms, while boosting the long-term productivity and growth prospects of the economy," it said.

BOJ Says Business Sentiment Improving

OW0812080295 Tokyo KYODO in English
0713 GMT 8 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 8 KYODO — Expectations of an early economic recovery in Japan got a lift Friday [8 December] as business sentiment among corporate executives improved, cheered by increased profitability amid the dollar's rebound against the yen and streamlining efforts.

The Bank of Japan (BOJ) said in a key quarterly survey that business confidence is expected to continue to improve, reflecting growing expectations of a recovery in personal consumption and public demand under the government's economic stimulus measures.

The central bank, however, said there are concerns that the recent economic slowdown in the United States and European nations could serve as a dampening factor for an economic recovery in Japan.

The BOJ survey showed the diffusion index (DI) of business sentiment at major manufacturers improved to minus 14 in November from minus 18 in the previous August survey. The index for major nonmanufacturers also rose to minus 22 from minus 28.

Kunihiko Takeshima, director of the BOJ's Research and Statistics Department, told a news conference, "The latest survey confirmed the groundwork for an economic recovery is being laid."

"The economy's downward risk has retreated considerably, and economic activity is expected to get on a recovery path, though the pace of recovery would be very weak for the time being," Takeshima said.

"The recent weakness in overseas economies, as showed in economic slowdown in the U.S. and Europe, could adversely affect Japanese companies' exports and weaken the economy's recovery pace," he said.

The key index is derived by subtracting the percentage of companies that say business is worsening from the percentage that say prospects are looking up.

Forecasting business sentiment in March 1996, the Tankan Report said the index will improve further to minus 10 for major manufactures and to minus 17 for major nonmanufacturers.

The latest survey covered a total of 9,752 companies, including 389 major manufacturers and 323 major nonmanufacturers.

From the November survey, the number of major companies covered by the poll in the telecommunications sector rose to seven from two.

The improvement in business sentiment came after the key index worsened for the first time in seven quarters in the August survey.

The BOJ lowered the official discount rate by half a percentage point to a record low of 0.5 percent in early September, while the government adopted a 14.22 trillion yen economic stimulus package in late September.

The dollar, which slipped below 80 yen in April, has recently traded at levels slightly above 100 yen. The latest November survey used a dollar rate of 92.05 yen, compared with 88.34 yen in the August survey.

The fresh survey showed there is little improvement in both inventory adjustment and the supply-demand situation of products. Both categories, however, are expected to improve in the months to come, it said.

The DI of supply and demand conditions for products, or the percentage gap between companies seeing excess demand minus those feeling excess supply, stood at minus 29 for major manufacturers, against minus 30. It is expected to improve to minus 24 in March.

The inventory DI, which means the percentage difference between companies seeing excess in inventories minus those feeling shortages, rose to 19, against 17 in the August poll. The DI, though, is expected to fall to 11 in March.

The BOJ's Takeshima said, "Inventory adjustment is expected to be almost completed by the end of this year."

"In the chemicals and other materials industries, however, the completion of the adjustment process may be delayed to the January- March period, reflecting the worsened business environment in overseas markets," he said.

The latest survey also said the DI of major manufacturers' product prices, or the percentage gap between companies seeing increases in prices and those citing declines, came to minus 16, compared with minus 20 in the August survey.

Takeshima said, "Deflationary fears are retreating due partly to the dollar's rebound against the yen."

On the business prospects for fiscal 1995 that ends next March, the new Tankan survey said sales estimates were revised downward by 0.2 point from the August report for major manufacturers and by 0.5 point for major nonmanufacturers.

Pretax profit estimates, though, were revised upward by as much as 9.8 points for major manufacturers, excluding oil refineries, and by 0.4 point for major nonmanufacturers, excluding electric power and gas companies.

"Corporate profitability improved thanks to the dollar's rebound, restructuring efforts and a decline in interest rates," Takeshima said.

Sales at major manufacturers are now expected to post a year-on-year increase of 1.4 percent in fiscal 1995, a rise for the second consecutive year. In fiscal 1994, those manufacturers scored a 1.2 percent increase.

Sales at major nonmanufacturers are estimated to fall 2.1 percent, a decrease for the fifth straight term. They suffered a 1.7 percent sales decline in fiscal 1994.

Pretax profit, meanwhile, is expected to surge 30 percent for major manufacturers other than oil refineries, posting an increase for the second successive year. In fiscal 1994, major manufacturers' profit rose 32.5 percent.

At major nonmanufacturers, excluding power and gas utilities, pretax profit is estimated to rise 6.9 percent. They incurred an 8.5 percent profit fall in fiscal 1994.

The November survey also said corporate capital spending plans are estimated to rise 3.8 percent for major manufacturers and nonmanufacturers, the first increase in four years and an upward revision of 0.5 point from the August survey.

Capital outlay plans are expected to advance 10.7 percent for major manufacturers amid strong investment in information-related equipment.

Spending plans, however, are likely to post a marginal 0.9 percent drop for major nonmanufacturers mainly because electric power companies are refraining from new investment as part of their streamlining efforts.

The business sentiment DI for small and medium-sized companies stood unchanged at minus 30 for the manufacturing sector and came to minus 17 for the nonmanufacturing sector, little changed from minus 19.

"Smaller companies are now under heavy pressure from japan's structural adjustment process and there is a widening gap between them and larger firms in corporate strength," BOJ's Takeshima said.

Hisashi Yamada, an economist at the Japan Research Institute, said the results of the Tankan survey reflected improvement in corporate confidence on the back of the yen's weakening against the dollar and recovery in stock prices.

"But it would be too optimistic to expect that the economy will keep straight on toward a full-scale recovery path," Yamada said, noting that the still poor confidence of smaller businesses has overshadowed the economic outlook.

Massive public investment earmarked in a series of pump-priming packages will be all disbursed during the first half of fiscal 1996 starting next April, bracing up the economy, he said.

Yamada said, however, he is skeptical about continued economic recovery for the second half of the next fiscal year.

Yamada then called for further deregulatory measures, additional public works spending and the postponement of a planned hike in consumption tax beyond april 1997.

Yasuo Kunieda, a Bank of Tokyo economist, said the survey results endorsed that the nation's economy has faced structural pressures, under which smaller companies are struggling against the aftermath of the "bubble" economy and competition with Asian nations.

'Reverse Plaza Accord' Phenomenon Discussed

Reversal of Yen-Dollar Movement

952A0794A Tokyo EKONOMISUTO in Japanese 29 Aug 95 pp 26-27

[Article by Yukinobu Oguchi, chief, Westminster Bank: "Crisis in Financial System Causes 'Reverse Plaza Accord' Phenomenon"]

[FBIS Translated Text]

Two Surprises

What has been happening on the foreign exchange market? On 16 August, the dollar rose to 99 yen in Tokyo.

On 15 August (EDT), before the market opened in Tokyo, the Federal Reserve Board intervened in New York to sell yen and purchase dollars. Later, in Tokyo, the Bank of Japan joined in. Then, without warning, the Bundesbank and the Swiss National Bank began to sell yen and purchase dollars.

The participation of the Bundesbank, to say nothing of the Swiss, caught the market completely by surprise. This is because, as is widely known, the Bundesbank is concerned primarily with preventing inflation. It has also preferred a high Deutchmark in order to strengthen its position in the future European currency union and improve the German standard of living.

There had been rumors in the market of a reverse Plaza Accord to correct the weak dollar since the G7 [Group of Seven] Meeting in April, and Bundesbank participation in the intervention was interpreted as adding support to these rumors.

The market has also been surprised that the joint intervention by the central banks has maintained the dollar at the 95 yen level. In the market, most people have long believed that the dollar and yen were at parity around the 93-95 yen level. The joint intervention has continued to occur when the Japanese currency rises above the 95-yen barrier. If there has indeed been a reverse Plaza Accord, suspicion has given rise to fear in the market. What exchange rates are officials at the central banks assuming?

The joint intervention was executed perfectly and was successful for several reasons. Market sentiment had already shifted toward a stronger dollar as a result of the U.S.-Japan joint intervention of 7 July. The latest intervention, which caught the market completely by surprise, was timed so as to give chase to a routed enemy.

In addition, trading was light on the currency market on 15 August because the world's major dealers were on summer vacation. There was a shortage, moreover, of dollar offerings that day because investors had been profit-taking on the dollars they had purchased after the strong-dollar trend became clear on 7 July. With light trading and few dollar offerings on the currency market, the effect of the four central banks' purchase of dollars and sale of yen was great, even though the scale of the joint intervention was very small when compared to the volume of the entire market. Within no time, the value of the Japanese currency fell to 99 yen to the dollar.

The success of the intervention notwithstanding, one has to wonder if the market trend toward a stronger dollar and weaker yen which became clear to everyone after 7 July was genuine.

The persistence of the strong yen had cast a long shadow over the global competitiveness of Japanese export industries, and Japanese manufacturing was said to be hollowing out. The market had begun to doubt the growth potential of the Japanese economy, which has been unable to recover from recession. The Bank of Japan had been forced to lower interest rates, and the gap between low Japanese and high U.S. interest rates had widened. Signs had begun to appear indicating a decline in Japan's current account surplus. The Ministry of Finance had relaxed regulations on life insurance companies and other institutional investors, and had begun to encourage them to take the capital they had amassed at home and invest it overseas.

Considering all of these factors, the decision to sell yen and purchase dollars would seem to have made sense. However, the structural problems facing the global competitiveness of Japanese industry, the hollowing out of Japanese manufacturing, and doubts about the growth potential of the Japanese economy were all well known prior to 7 July. Yet the yen remained strong.

Despite these conditions, Japanese institutional investors continued to sell off the dollar-denominated assets which they had amassed during the bubble economy period. They sold dollars when the dollar was weak because of domestic reasons. Still, why did it take until 7 July for the central banks to recognize the severity of the Japanese financial crisis and its impact on their own economies?

If one of Japan's leading banks were to collapse, the highly interdependent global financial system would almost certainly be profoundly shaken. A sense of crisis began to develop in the international financial community, especially in the United States. Treasury Secretary Rubin, Deputy Secretary Summers and others have suggested that the Japanese economy has hit the wall. Some have even argued that an international bailout of the Japanese economy is needed. Of course, there has been a strategic shift in U.S. domestic politics, and an intense power struggle is underway. But this sense of crisis is shared by many people overseas, and Japanese central bank officials have to keep pace with these developments.

As a result, on 7 July, the Bank of Japan encouraged a reduction in domestic interest rates and participated in a joint U.S.-Japan intervention in the currency market. On 2 August, the Ministry of Finance encouraged institutional investors to recycle domestic savings back into the international economy.

In the United States, the Federal Reserve Board, having brought about a soft landing of the economy, had been groping for a proper time to cut interest rates in order to prevent economic overkill. With the trend toward a weak dollar, however, there was a possibility that the U.S. currency would go into a free fall if interest rates were cut. For this reason, there was domestic support in the United States to strengthen the dollar.

Meanwhile, with the global economy moving toward a slowdown, Germany feared a loss of export competitiveness because of the strong mark. The Bundesbank, not without good reason, decided to abandon its traditional stance and participate in the joint intervention. This decision was no doubt encouraged by Treasury Secretary Rubin and Finance Ministry International Finance Bureau Chief Sakakibara.

For Now $1 = 95 Yen

If the perceptions of the situation by financial currency officials in Japan, the United States and Europe came together in this way, then one can expect the dollar to remain in the 95 yen range through the mid-September settlement of accounts. The joint intervention has also kept the exchange rate in this range. By driving the Japanese currency down from 80 to 95 yen to the dollar, the force of the depreciation may be in balance with appreciation pressures. For investors who make money on changes in the exchange rate, the situation has gone from one in which the yen was so strong it was difficult to imagine it going higher, to one in which it is easy to imagine the yen having enough latitude to rise and fall.

In other words, the cause of the fluctuations still remains. In the short term, will dealers support this exchange rate when they return from summer vacation? In the intermediate term, will the flow of Japanese capital into foreign markets continue? And will the U.S. economy avoid overkill and rebound? If any of these questions has a negative answer, the flow may once again favor a strong yen and a weak dollar.

Independence of Yen From Dollar

952A0794B Tokyo EKONOMISUTO in Japanese 5 Sep 95 pp 68-71

[Article by Ryuzo Sato: "Independenced of Yen From Dollar by Increasing Yen-Dominated Trade"]

[FBIS Translated Text] Exactly 10 years ago this September the foreign ministers of the five advanced nations gathered in a single room at New York's Plaza Hotel with one objective: the establishment of a cooperative system to correct the strong dollar. The 10 years since have been a period of a strong yen and large trade surpluses for Japan.

Economics teaches us that a strong yen is the result of large trade surpluses, not the other way around. But this fundamental relationship is not always properly recognized. According to those who do not understand economics, we should weaken the yen in order to reduce our trade surplus. Such irrational arguments, arising from a sense of desperation, are all too common. We must face the truth: the size of the surplus dictates the strength of the yen. If the exchange rate were fixed, the surplus would probably be three times higher than its current level.

In the five decades since the end of the war, the yen has had a history of rising against the dollar from its initial starting point of 360 yen to the dollar. The rate of increase has been highest in the past decade, and the size of the surplus has also been greatest. Japan's primary industries have suffered heavy damage in the past decade because of overseas investment encouraged by the strong yen and weak dollar. According to my own calculations, the amount has topped 50 trillion yen. Considering this is about five times the amount of damage caused by the Great Hanshin Earthquake, the size is clearly staggering.

In the five years of the strong yen, Japanese companies were falling over each other to acquire overseas real estate. With New York's Rockefeller Center topping the list, they proceeded to purchase "landmarks" and thus offend the sensitivities and pride of local inhabitants. In several countries it produced paranoia: "Japanese companies are buying up the world." In New York, it generated resentment. Japanese living high on the expense accounts of their firms drove up not only the price of real estate and leases, but even the price of luxury foods such as caviar. However, since the collapse of the bubble economy, a number of companies have been struggling to pay off the bill for these excessive investments, and it has become necessary to modify this account.

Two obvious questions come to mind. Why was there a concerted international effort to correct the strong dollar 10 years ago? And, considering the fact that the weak dollar continued long enough to drive the Japanese economy into the wall, why did the advanced countries wait so long to enact a "Reverse Plaza Accord" joint intervention to weaken the yen?

The Relationship Between Two Forces

In order to answer these questions, I must first explain how changes in the exchange rate result from the operation of two different forces: political forces and economic forces.

The political forces are defined as the influence exercised by government authorities in the leading economic nations. Depending on the situation, it is exercised in behalf of a specific nation's short-term interests and often runs counter to the laws of economics. It sometimes involves the use of military might.

Economic forces are those of the market. They are based on the laws of economics and operate like the forces of nature: when it rains, water flows toward the low ground.

The currency market determines the price of the dollar and the yen. It is the playing field where these two forces become intertwined. Looking back to the time of the Plaza Accord in 1985, the U.S. trade deficit had grown substantially under the Reagan Administration's Strong America, Strong Dollar" policy and the so-called "hollowing out" of the U.S. economy had become evident. As for the yen-dollar exchange rate, the yen had already nearly hit rock-bottom in 1984 when it was trading at 250 yen to the dollar. After this, the yen slowly started to strengthen and the dollar to weaken. Market forces were already moving in the direction of a weaker dollar. A new political logic began to form: the world's leading nation should not have a trade deficit. These were the circumstances behind the United States' convening a meeting of the foreign ministers from the five nations to drive the dollar down. In other words, the Plaza Accord strengthened economic forces even more with political forces.

In response, the yen began to appreciate rapidly. In March the yen hit a record high of 79 yen to the dollar. But this time the "Reverse Plaza Accord" agreed to at April's G7 [Group of Seven] meeting in Halifax had little effect on the exchange rate because economic forces and political forces were moving in opposite directions. According to economic fundamentals, the price of the yen at 70 or 80 yen to the dollar was an overshoot price. However, because Japan was running the highest trade surplus in its history, market forces continue to give the green light to a higher yen. The political forces attempting to reverse this trend need much more power than they currently possess.

This spring, moreover, Japan was alone in pushing vigorously for a weaker yen and stronger dollar. The United States, in particular, considered the strong yen to be a penalty for Japan's closed markets. Without the cooperation of the political might of the leading nation in the world, the result of the "Reverse Plaza Accord" was not what Japan was hoping for.

Another important point is the great difference between Japan's economic situation today compared to 1985. Before 1985, the many currency devaluations and reductions in exports were visited upon Japan, but Japan's export sector was able to remain in balance. When the yen rose in value, exports ran into difficulties. But, at the time, the advantages of the strong yen itself restored the balance. There were unprecedented amounts of capital to invest overseas, and the strong yen made it easier to travel and study abroad. Overseas assets became extremely inexpensive. The Japanese people were pleased that they could afford foreign real estate for the first time since the war. Who didn't feel this way as the price of foreign real estate became more affordable as the yen grew stronger? At the time, the Japanese economy was on an upward ascent. The trade surpluses of 10 years ago indicate a strong economy with robust exports.

Today, the Japanese economy has been mired in recession since the collapse of the speculative bubbles in domestic stock and real estate prices. The current trade surplus is a sign of weakness because it is the result of a decline in imports. Japanese companies, which invested huge amounts of capital in overseas assets during the 10 years of large surpluses and a strong yen, have experienced substantial losses as the value of these assets has fallen. As mentioned earlier, the total exceeds 50 trillion yen. What does this all mean?

In order to balance the forces that produced the trade surplus and the strong yen, the dollars amassed as a result of the surplus must be recycled into the international economy. What we need is a surplus dollar reflux policy. Plainly speaking, it means we invest these surplus dollars overseas or use them to purchase foreign goods. In the 1970's, it will be recalled, the oil-producing nations recycled their "petrodollars" into the world economy. However, Japanese are unwilling to purchase overseas assets like they did 10 years ago, even though they are extremely cheap when calculated in yen. Economically speaking, they must learn the market and acquire real estate with both feet planted firmly on the ground. This would seem obvious given the huge losses experienced recently. However, when these surpluses are not allowed to recirculate, they produce a proverbial viscous cycle by forcing the yen even higher.

On 2 August, the Ministry of Finance announced a new economic policy which encourages overseas investment and loans in order to correct the strong yen. This government policy attempts to recycle Japan's export dollars by urging Japan's institutional investors to make a U-turn on overseas investing. By setting the stage for a "Mini Reverse Plaza Accord" between the United States and Japan, the result of the recent joint intervention was on target. It created momentum for a trend toward a stronger dollar and a weaker yen. At the time this article was written, the joint intervention in mid-August by Japan, the United States and Germany had driven the value of the yen down to 99 yen to the dollar.

This policy to correct the strong yen seems to have been successful. However, one should note here that trade surplus figures for July announced in mid-August show that it is down 33 percent compared to the same period a year earlier. In other words, the economic forces that are causing the strong yen have weakened at the same time the political attempts by the U.S. and Japanese Governments to create a weaker yen have been redoubled.

Under the new economic policy, regulations concerning yen-denominated loans to foreign borrowers have been relaxed. (Half the rules have been abolished.) This sends a signal to investors that the government will back them up.

United States Intentions

The United States is cooperating in the effort to strengthen the dollar for two reasons. First, the Clinton administration realizes that its economic foreign policy based on playing the strong yen card has scored a temporary victory in automobile negotiations. This occurred around the same time that House Speaker Newt Gingrich became the center of public attention. It is rumored that the President, whose popular support is slipping, used the 10-day long automobile summit with Japan to regain the limelight for a time. (This has not been reported in Japan.) Buoyed by its success, the Clinton administration appears to be willing to refrain from abusing this effective strategy and to cease all hostilities until the presidential election in November of next year.

Second, there is factional infighting within the Clinton Administration. Treasury Secretary Rubin and Assistant Secretary Summers have advanced a market-oriented approach in response to the hard-line position advocated by the Kantor group. For some time now they have regarded Kantor's go-it-alone style with contempt. Since the Dow peaked at 4600 points, U.S. stock prices have begun to fall. The Treasury group, worried about an economic slowdown, would like to see Japanese and other foreign institutional investors boost the U.S. stock market. In order to do this, they participated in the "Mini Reverse Plaza Accord" joint intervention based on the conclusion that a high yen/weak dollar policy was no longer desirable. This explains the August policy reversal in favor of a weaker yen.

At the risk of being redundant, when a country runs a surplus the value of its currency rises. If it does not recycle its surplus currency by purchasing foreign goods or investing overseas, and instead saves this surplus currency at home, the situation becomes even worse. This explains the super-strong yen phenomenon that has been visited on Japan since March.

In 1994, the German economy ran a current account deficit of 3.6 billion marks. Why then, one may ask, did the high Deutchmark continue? Because a strong Deutchmark is viewed as evidence of strength. It may seem somewhat technical, but the market is anticipating the growing economic power of unified Germany.

Treasury Secretary Rubin used to be a director at the prestigious investment bank of Goldman Sachs. He is a man who was at the forefront of the financial world. He fully understands the enormous power of the market. Dealers who conduct business using the exchange rate risk fortunes trying to make a profit by anticipating movement in the market, but they know full well that it is impossible to influence the direction of the market in their favor.

A Finance Ministry official in New York for an address recounted his difficulties conducting negotiations with the United States on the exchange rate: "First, they blamed it on dealers. Then, the media and press blamed manufacturers for exporting too much. We have been running around trying to find somebody to blame." U.S. dealers hear all of this and deplore the fact that people who are not involved in trading cannot comprehend market forces. That Treasury Secretary Rubin did not intervene until August is because he is a market professional.

Time for Japan to Be Weaned

Every nation gives priority to domestic policy over foreign policy. International cooperation must not only be in concert with domestic policy interests, it must produce plus-sum results. Trading nations, in general, are highly dependent on foreign countries. Japan, with its large trade surplus and reliance on the dollar, is extremely vulnerable. Like Germany, Japan's survival depends on increasing trade in its own currency. It must construct a trading system that does not suffer from the vagaries brought about by the policies of foreign nations.

The prescription for survival is yen-denominated trade, both for imports and exports, and yen-denominated capital investments in bonds and real estate. The Japanese Government once suggested that the U.S. Government issue yen-denominated securities. Japan should increase its yen-denominated trade with Asia and APEC [Asia Pacific Economic Cooperation]. In other words, it should strive to distance itself from the dollar as swiftly as possible. This would constitute the weaning of Japan. Instead of suckling on the dollar, which is like a mother's milk, Japan would make its own way in the world.

Yen-denominated trade and investment would involve short-term economic sacrifice. If we were to purchase oil in yen, the price of oil would not go down if the yen were to appreciate against the dollar. In other words, there would be no advantages to a strong yen. The prices of exports would rise immediately when the yen appreciated, but the domestic economy would no longer be able to absorb these increases as it does now.

In order to ensure the success of APEC, a group of nations seeking to increase exports, Japan will have to seize the initiative and accept more imported goods. The reason there was no "Reverse Plaza Accord" until recently is that, while Japan is dependent on the United States and the dollar bloc, the United States itself is indifferent to the predicament of nations like Japan. Even if it involves some sacrifice, the Japanese economy would be better off in the long run by constructing a yen bloc and becoming independent.

Farm Ministry Delays Housing Loan Scheme

OW0812063695 Tokyo KYODO in English
0339 GMT 8 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 8 KYODO — Solution to the issue of housing loan companes will be delayed into the middle of December, the farm minister indicated Friday [8 December].

The Agriculture, Forestry and Fisheries Ministry is unlikely to reach consensus with the Finance Ministry by the original deadline of this weekend, farm minister Hosei Norota told a news conference.

"We need to take time until after the middle of December," Norota said.

Meanwhile, Finance Minister Masayoshi Takemura told a separate press conference that it will be difficult to finalize by the weekend a liquidation scheme for housing loan companies sinking under the burden of bad loans.

Takemura said he hopes to have a meeting later in the day with farm minister Norota to discuss the housing loan issue, "but as things now stand, it is unlikely that we can put together a solution today."

The finance minister said he will inform the ruling coalition's policy coordination council next Monday of any developments in ongoing negotiations.

Takemura said he will have additional meetings with Agriculture, Forestry and Fisheries Minister Norota after making his "progress report" Monday.

On Dec. 1, the tripartite ruling coalition urged the finance and farm ministries to finalize a liquidation scheme for seven of Japan's eight housing loan companies by the end of this week in line with a set of guidelines drawn up by the coalition.

The housing loan companies are on the brink of going under following the collapse of the "bubble" economy. Agricultural cooperative-affiliated financial institutions, their biggest creditors, are warring with banks that founded them over the share of costs involved in the mortgage companies' dissolution.

The agriculture ministry represents interest of farm-related financial institutions.

Norota said, "the farm ministry will not accept any proposals that would expose agricultural financial institutions to financial difficulties."

Takemura said it is difficult to resolve the complicated problem because of the huge gap remaining between the two groups.

Takemura suggested the ministry will seek to have the farm- related financial institutions share the burden to some extent, saying, "the responsibility of founding banks is heavy but the responsibility of farm-related organs is also heavy as lenders."

He reiterated that the government will make every effort to reach an agreement among parties concerned by the end of this year in a transparent way so as to win understanding both at home and abroad.

Farm minister Norota said the share of the cost of liquidating the housing loan companies should be determined in accordance with the financial strength of the creditors.

Hashimoto Sees No Need To Break Up NTT

OW0812101195 Tokyo MAINICHI SHIMBUN in Japanese 6 Dec 95 Evening Edition p 4

[FBIS Translated Text] President Ryutaro Hashimoto of the Liberal Democratic Party (concurrently deputy prime minister and international trade and industry minister) commented on the plan to break up Nippon Telegraph and Telephone [NTT], indicating that, in his view, such a plan is unreasonable.

Responding to reporters' questions in front of his house in Tokyo early on the morning of 6 December, Hashimoto stated: " Five years ago (when I was serving as finance minister) I was the one who decided not to split the company up, after studying the issue from various angles. It seems the current discussion is meant to save the face of the Posts and Telecommunications Ministry. NTT should not be weakened. It should first merge with KDD (Kokusai Denshin Denwa) and improve its international competitiveness. Then, the ministry should try to improve conditions for other companies to enter the telecommunications market and promote deregulation."

Tokyo Urged Implementation of Deregulation Plan

OW0712150895 Tokyo KYODO in English 1038 GMT 7 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 7 KYODO — Business leaders Thursday [7 December] called on the government for early implementation of deregulation measures recommended by a government advisory panel.

"The recommendation report is very significant because it has made drastic proposals in the banking, securities and insurance industries as well as the employment sector, where deregulation is delayed," said Shoichiro Toyoda, chairman of the Federation of Economic Organizations (Keidanren).

Kosaku Inaba, chairman of the Japan Chamber of Commerce and Industry, welcomed the report and said, "The government should show its deregulation policy at an early date, including a concrete timetable."

Jiro Ushio, chairman of the Japan Association of Corporate Executives (KEIZAI Doyukai), also urged the government to carry out deregulation proposals at an early date, saying what is important is how to implement measures contained in the report.

A subcommittee of the administrative reform committee Thursday unveiled a broad-based deregulatory package calling for easier restrictions on services provided by banking and securities subsidiaries set up by financial institutions.

The report proposes the government allow the private sector to form holding companies and ease curbs on job placement services. It also calls for breaking up Nippon Telegraph and Telephone Corp. (NTT), the de facto telecommunications monopoly on the domestic market.

Inaba welcomed the proposed lifting of a ban on holding companies and easier restrictions on job placement services, saying they are essential to revitalize the Japanese economy.

But Jiro Nemoto, president of the Japan Federation of Employers Associations (Nikkeiren), showed a cautious stance on the proposed breakup of NTT.

"It is necessary to deepen debate on the NTT issue on the assumption that the government will further promote measures to deregulate the telecommunications sector and increase competition there," Nemoto said.

Keidanren's Toyoda, meanwhile, expressed dissatisfaction with deregulation measures proposed by the subcommittee for the agricultural and transport sectors.

Ministry Intends To Cut DA's Budget Request

OW0712142895 Tokyo NIHON KEIZAI SHIMBUN in Japanese 5 Dec 95 Morning Edition p 1

[FBIS Translated Text] To cut the rate of defense spending growth from a midterm perspective, the Ministry of Finance [MOF] has firmed plans to control funding for contracts to buy major items of defense hardware, such as tanks and fighters, that have been requested in the draft FY96 budget bill. The point of reference will be the amount appropriated in the FY95 budget. By controlling overall spending, the MOF intends to cut back the amount of spending that would normally be included in subsequent budgets, thereby shifting towards a tighter framework for defense spending.

Using the same thinking, the MOF also intends not to approve the introduction of air-to-air refueling tankers, which can also be used as long-range transport aircraft, which was proposed as part of the new Midterm Defense Buildup Program [MDBP] (for FY96 to FY2000). However, coordination between the government and ruling coalition parties may face difficulties because of strong opposition from the Defense Agency [DA], and also because of confrontation between the Liberal Democratic Party and the Social Democratic Party of Japan.

It will be difficult to cut the rate of increase of defense spending in FY96 below 0.855 percent, as compared to FY95, because delayed payments, which are included as annual expenditure, have increased by a large margin. However, the MOF plans to reduce the 2.9-percent increase rate of the budgetary request to the 1-percent level.

Budget funding in FY95 for contracts to buy major hardware amounted to 825 billion yen. In appearance, this may indicate a 6.5-percent decrease compared with the previous fiscal year. However, two airborne warning and control system (AWACS) aircraft from the United States were procured in FY93 and FY94 at the strong request of the U.S. Government, thereby increasing the total procurement amount by approximately 100 billion yen for each fiscal year. If this special factor is excluded, it can be said the funding for procurement increased substantially in FY95.

When a decision is made and a contract signed for Self-Defense Forces [SDF] hardware, the general practice is to appropriate only a nominal amount in the budget for that fiscal year as down payment, and leave a large portion of the payment to made in the next fiscal year or the year after (and it is included as annual expenditure in the fiscal year payment is made). Among funds listed in the budgetary request for FY96, "payment for bills" for contracts signed in FY95, or in years previous to that, accounts for nearly 70 percent of the increase in annual expenditure and payment of it cannot be postponed easily. As a result, it has become more difficult to control defense spending.

The MOF, therefore, intends to reduce funding for contracts on major hardware procurements — which amounts to approximately 920 billion yen in the FY96 budgetary request — by more than 100 billion yen, thereby hoping to achieve greater control. Taking a cautious approach, the MOF is also opposed to plans to introduce air-to-air refueling tankers in the new MDBP for the following reasons: Once new major hardware is introduced, the spending burden increases over the following years. Moreover, once new hardware is put into operation, the government will be asked to pay a heavy financial burden in operating and maintenance costs, including payment for personnel, fuel costs, and repair fees.

To transport personnel overseas to join UN peacekeeping operations (PKO), the DA plans to introduce long-range transport aircraft that will be equipped to carry out air-to-air refueling. However, the MOF rejects this plan, maintaining that "no approval can be given to a plan to introduce equipment to be exclusively used in PKO operations, which is not regarded as the SDF's original task."

Airlines Urge Opening of SDF Training Airspace

OW0712142695 Tokyo ASAHI SHIMBUN in Japanese 3 Dec 95 Morning Edition p 1

[FBIS Translated Text] Five airlines, including Japan Air Lines [JAL] and All Nippon Airways [ANA], have submitted to the Ministry of Transportation [MOT], a letter of request urging that training airspace for the Self-Defense Forces [SDF] aircraft be opened to civil aircraft on weekends and holidays when the SDF do not conduct flight training. Basically, air routes for civil airplanes are completely separated from those for SDF aircraft. However, carriers, which have been stream-lining management, believe they will be able to reduce flight times and fuel expenses on many routes by realizing "weekend routes." The MOT is considering consulting with the Defense Agency [DA] in the near future about ways to materialize the plan.

The following five airlines have made the request: JAL, ANA, Japan Air System, Japan Asia Airlines, and Air Nippon Corporation.

In August 1971, in the wake of a collision between an ANA airplane and a SDF plane over Shizukuishi Town, Iwate Prefecture, the cabinet approved the "Emergency Safety Guideline for Air Traffic" stipulating the complete separation of air routes for civil aircraft and the training areas for SDF aircraft.

According to the DA, the SDF usually uses the training area from 0700 to 1800 on weekdays, except during night training and Japan-U.S. joint exercises. They do not use the area on weekends and holidays.

The training area is a "sanctuary" for civil airplanes. Mostly, they cannot fly the shortest routes to their destinations because they are forced to detour around the training spaces.

In New-Year and mid-summer holidays, the DA allows passenger aircraft to go through the training areas, while restricting passage time and altitude. However, the five carriers have requested that civil planes be permitted to pass through the area on weekends, holidays, and at night, when the SDF do not conduct training there. In addition, they have requested the opening of the area to civil airplanes if regular routes have bad weather conditions.

The airlines said that if the "weekend routes" are permitted, flight time and fuel expenses will be reduced not only in domestic routes — such as routes between Tokyo and Asahikawa; Sapporo, Fukuoka; and Osaka, Hakodate — but some international routes as well, such as flights from Japan to the ROK and European countries.

As for the route between Sapporo and Fukuoka, if airplanes are permitted to go through the training area over the Sea of Japan, it is said that they will be able to save flying time by about five minutes each way, and six drums of jet fuel. An air carrier believes that over 100 million yen can be saved a year by opening up the training area only on weekends. It has estimated that with regard to the entire civil aviation industry, several 100 million yen can be saved.

The MOT has shown understanding of their proposal, and informally sounded out the DA on its view. The DA has assumed a positive approach toward consultations, saying: "We are aware of the civil airlines' request, and will study it if they make an official offer."

New National Defense Program Outline Viewed

OW0812111695 Tokyo AERA in Japanese 11 Dec 95 p 29

[Article by Shunji Taoka, AERA Editorial Board: "Defense Program Outline Shows Apparent 'Arms Reduction' Affirms Firm Maintenance of Japan-U.S. Security Treaty"]

[FBIS Translated Text] The "table" attached to the new "National Defense Program Outline" defines the scale of the Self-Defense Forces in the future. Compared to the present, the new table seems to show some "arms reduction."

The authorized strength of the Ground Self-Defense Force will be cut from the current level of 180,000 to 145,000. Four divisions (7,000-9,000 troops each) of the current 13 divisions will be reorganized into "brigades" (3,000-4,000 troops each). The number of tanks will be reduced from 1,200 to 900. The number of escort warships will be reduced from about 60 to about 50, and the number of subspotting planes will be reduced from about 100 to about 80. The number of fighters will be reduced from 350 to 300, and so on.

The Defense Agency recognizes the changed international situation in which "the military confrontation between East and West has ceased to exist," and the agency professes to work to "scale down" the Self-Defense Forces. However, the reduction in the Self-Defense Forces is largely due to difficulties recruiting personnel, as well as to the government's financial difficulties.

"We Do Not Like Going to Hokkaido."

Today there are 150,000 personnel in the Ground Self-Defense Force. Therefore, an authorized personnel strength of 145,000 is only about a 3-percent decrease in the current number. The four divisions to be downgraded to brigades are the 5th Division in Obihiro, Hokkaidoi; the 11th Division in Sapporo, Hokkaido; the 12th Division in Shintomura, Gunma Prefecture; and the 13th Division in Kaitacho, Hiroshima Prefecture. The Ground Self-Defense Force has attached greatest importance to Hokkaido, stationing three regular [infantry] divisions and one armored division there. The reason the two divisions in Hokkaido are going to be downgraded to brigades is certainly because of the rapid decrease in the war potential of Russia's Far East Army due to the Soviet Union's collapse and Russia's economic difficulties.

On the other hand, Kyushu has numerous applicants for the Self-Defense Forces, and many young men say, "It is all right for me to enter the local troops, but I do not like to be sent to Hokkaido." Such being the case, divisions have been reduced in Hokkaido, not in Kyushu.

The number of destroyers will be reduced by three at three local units: Yokosuka, Kure, and Maizuru. One of the reasons for the reduction is the difficulty in recruiting personnel. Warship crews of the Maritime Self-Defense Force have longer duty hours than ground crews; the bunks on a warship are small; and the living environment is not good. Therefore, there are not many applicants, and the number of crew for destroyers is less than 70 percent of the authorized personnel strength.

Before the end of the East-West confrontation, opinion held that "navigating with such a small crew is dangerous and there is no alternative but to moor some of the destroyers as a reserve fleet and assign those destroyers' crews to other destroyers."

The number of young people is decreasing: this year there are 890,000 18-year-old males, and the number will decrease to 690,000 in 2005. Of this number, 500,000 will go on to higher education. Therefore, the number of males seeking work, who are new graduates and whom the Self-Defense Forces want to recruit most, is expected to decrease by half in 10 years.

Outline Repeats the Phrase "Japan-U.S. Security Ties" 11 Times

The Defense Agency says that the young have perceived the existence of the Self-Defense Forces through peacekeeping operations in Cambodia and rescue activities after the Great Hanshin Earthquake. The agency further says that personnel recruitment is going smoothly. A strong reason for this is there are few other positions due to the current recession. It is impossible to think that the current recession and difficulty in finding work will continue indefinitely. Therefore, there is a strong probability that in the long run the Self-Defense Forces will face grave difficulties recruiting personnel.

Meanwhile, the government already has a national debt of more than 220 trillion yen and will have to issue deficit-covering bonds of more than 10 trillion yen. The equipment, which is increasingly advanced and expensive, is a headache, and it is impossible to totally renovate old equipment. One of the reasons for reducing the number of tanks from 1,200 to 900 is due to a lack of funds. There are still 100 outdated Model-61 tanks (introduced in 1961) and 870 Model-74 tanks, and a portion of them will become obsolete in 10 years. However, there are only 140 Model-90 tanks. Because this type tank costs 970 million yen, only 19 tanks will be procured next year.

The reduction of 50 fighters is the reduction of a F4EJ fighter squadron at Nyutabaru, Miyazaki Prefecture. Russian air force activities decreased due to a lack of fuel and spare parts, and the number of times Air Self-Defense Force fighters scrambled against Russian planes peaked at 944 in 1984, falling to 263 last year. However, although the F4EJ fighters will become obsolete, no decision has been made as to the next fighters.

What is rather noteworthy in the new "outline" is that the phrase "Japan-U.S. security ties" is repeated 11 times, while it was used only twice in the old outline. The phrases "firm maintenance," "improving dependability," and "smooth and efficient operation" of Japan-U.S. security ties are emphasized repeatedly.

Thus it is natural for the Okinawan people to strongly rebel, saying, "Under the circumstances, the U.S. bases on Okinawa will be frozen until the next century." However, the repeated emphasis on the Japan-U.S. security ties themselves reflects doubts about the continuation of the Japan-U.S. alliance, the stationing of U.S. troops in Japan, and Japan's bearing the cost of the troops even after the collapse of the Soviet Union, a common threat to Japan and the United States.

Panel Recommends Freeze on Rice-Buying Price

OW0812123295 Tokyo KYODO in English
1216 GMT 8 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 8 KYODO — The Rice Price Council told the farm minister Friday [8 December] that the price at which the government buys rice from growers in 1996 should remain unchanged from the previous year.

It will be the fifth straight year for the subsidized rice price to be left unchanged.

Earlier in the day, Agriculture, Fisheries and Forestry Minister Hosei Norota asked the group of advisers to discuss the government plan to buy rice from the 1996 crop at 16,392 yen per 60 kilograms.

The tripartite ruling coalition — the Liberal Democratic Party, the Social Democratic Party and New Party Sakigake [Harbinger] — reached an accord with government officials Friday morning after tough talks on the first setting of the rice price under the new food law which took effect in November.

The law effectively requires the government to buy rice only for emergency stocks, whereas under the previous staple food control law it bought the whole crop from agricultural cooperatives for distribution through state-licensed wholesalers and retailers.

In line with the new law, the government initially called for setting the price by taking into account both production costs and prices in auctioning rice for resale to wholesalers.

Given recent declines in auction prices, the government-proposed formula would have required cutting the rice price by 0.6 percent or 95 yen per 60 kilograms, government sources said.

But the government eventually decided on "a special treatment to compensate for the gap" with the theoretical price to help dispel concern over the new law on the part of rice growers, norota said.

Despite the reduced public-sector role under the new law, rice growers' organizations strongly urged the government not to cut the purchase price, in which they still see symbolic value.

That prompted coalition politicians who depend heavily on farming circles for votes to hold sessions with the financial authorities intermittently from late Thursday night through the early hours of Friday to block a price cut.

The government is expected to formally adopt the rice price as recommended by the advisory panel.

'News Focus' Views Politics-Religion Ties

OW0812061795 Tokyo KYODO in English 0316 GMT 8 Dec 95

["News Focus" by Mie Kawashima: "Law Revision Highlights Ties of Politics, Religion"]

[FBIS Transcribed Text] Tokyo, Dec. 8 KYODO — The often heated debate on the measure enacted Friday [8 December] by the Diet to tighten control over religious groups following the crimes allegedly committed by the Aum Shinrikyo cult focused on ties between politics and religion.

The House of Councillors carried the government-proposed amendments to the 1951 Religious Corporation Law, which passed the more powerful House of Representatives on Nov. 13. The Diet session was extended by 32 days until Dec. 15 to discuss the bill.

The bill revising the law was passed on the strength of the majority held by the ruling coalition, which was joined by the Japanese Communist Party.

The amendments shift the jurisdiction over religious organizations that operate in more than two prefectures from local governors to the education minister, obligate religious groups to divulge financial information and give the minister authority to demand reports from religious groups when thought necessary.

A large part of the debate in the Diet focused on the ties between the lay Buddhist sect Soka Gakkai and the largest opposition party Shinshinto (New Frontier Party), which strongly opposed the bill.

Einosuke Akiya, president and nominal leader of Soka Gakkai, told an Upper House panel Monday that the tripartite ruling coalition aims to make use of the amendments in fighting the next general election of the House of Representatives, which could be as early as next spring.

"They are unquestionably trying to attack the supporting group of their opponent party...It represents a breach of trust with the public, who wish to prevent such cases as the Aum Shinrikyo incident from happening again," he said.

Akiya testified before the Diet as a result of a compromise between Shinshinto, for which Soka Gakkai is a strong power base, and the Liberal Democratic Party (LDP), the dominant force in the ruling coalition.

Shinshinto vehemently rejected the LDP's demand to have Daisaku Ikeda, honorary president and spiritual leader of Soka Gakkai, testify before the Diet.

On the night of Nov. 28, more than 100 Shinshinto members from both houses of the Diet confined an Upper House panel chairman in his room in the Diet building for four hours to prevent him from opening a session to decide to call Ikeda for a testimony.

Ikeda became Soka Gakkai president in 1960 and formed the Komeito political party in 1964, but Soka Gakkai declared its separation from Komeito in 1970 in the face of criticism of the political-religious tie-up. Ikeda retired to become Soka Gakkai's honorary president in 1979.

Soka Gakkai, however, kept on supporting Komeito and now backs Shinshinto, which Komeito's Lower House members joined in December last year, while its Upper House and local assembly members were reorganized into the Komei Party.

The LDP has seized on the Soka Gakkai issue as a weapon in its offense against Shinshinto, as the two major conservative parties stake their future on the general election.

During the Monday hearing, Saburo Okabe, an LDP Upper House member, said the 1,000 Soka Gakkai facilities throughout Japan are used for electoral activities despite religious facilities being exempted from paying property tax.

Okabe also asked if Soka Gakkai dictates who gets what posts in the political parties it supports and if Ikeda has control over Shinshinto.

LDP president Ryutaro Hashimoto, who is also the trade and industry minister, said Akiya's testimony failed to clear uncertainties over relations between Shinshinto and Soka Gakkai and that the Diet should have Ikeda testify.

The LDP now wants to call Ikeda during the next ordinary Diet session expected to convene in late January.

The amendments were designed following the poison gas attacks on the Tokyo subway system in March this year and in June last year in Matsumoto, Nagano Prefecture, central Japan, for which Aum members are on trial.

Among other Diet witnesses on the issue, Kenji Okamoto, president of the Association of Shinto Shrines, supported the amendments to prevent a recurrence of incidents involving religious sects.

Placement of MOFA Senior Officials Assessed

OW0812101895 Tokyo EKONOMISUTO in Japanese 12 Dec 95 pp 16-17

[Unattributed article: "Ministry of Foreign Affairs Fails To Put Right Men in Right Posts When Positioning Senior Officials"]

[FBIS Translated Text] Japan's relations with the United States and the ROK have recently been strained, though they are the most important relationships. Under the initiative of Foreign Minister Yohei Kono, the Ministry of Foreign Affairs [MOFA] has struggled to resolve bilateral issues with these countries. However, because of the Social Democratic Party of Japan's strong say and Kono's waning voice within the ruling coalition, the ministry's efforts have not produced satisfactory results. Even at the recent summit of the Asia-Pacific Economic Cooperation forum, only the moves of the Ministry of International Trade and Industry led by Ryutaro Hashimoto were highlighted.

The MOFA's North American Affairs Bureau [NAAB] is in charge of issues between Japan and the United States. Meanwhile, the Asian Affairs Bureau [AAB] takes care of problems between Japan and the ROK and between Japan and the PRC. Recently, voices have frequently been heard claiming that AAB Chief Ryozo Kato should have been given the post of NAAB head so he could deal with issues concerning the Japan-U.S. Security Treaty.

In the past, Kato served as NAAB's national security affairs division head, minister in charge of political affairs at the Japanese Embassy in Washington, and consul general at San Francisco. He is the top expert on Japan-U.S. security arrangements in the MOFA.

However, he now serves as AAB head. Because of a lack of knowledge of Asian affairs, he has had difficulty coping with issues between Japan and the ROK and others.

Like Kato, NAAB Chief Masaki Orita served as minister in charge of political affairs at the Japanese Embassy in Washington. He is also an authority on U.S. affairs. However, the evaluation of Orita is that he, who is something of a genius, is best fit as treaties bureau head. Yutaka Kawashima, chief of the Comprehensive Foreign Policy Bureau, is best fit as AAB head. However, because his current post is the shortest route for becoming deputy vice minister in charge of political affairs, he will not be shifted to another position.

Some MOFA officials have claimed that if Kawashima cannot serve as AAB chief, the second best choice is Economic Cooperation Bureau Chief Atsushi Hatakenaka. Anyway, although the MOFA has been struggling to deal with foreign affairs, its efforts have been hampered by a conflict of opinions within the ruling coalition.

Hata Declares Candidacy for Opposition Leadership

OW0812132995 Tokyo KYODO in English 1131 GMT 8 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 8 KYODO — Former Prime Minister Tsutomu Hata officially declared Friday [8 December] he will run in the leadership race of Japan's largest opposition force, Shinshinto (New Frontier Party), the outcome of which will be announced Dec. 28.

Party Secretary General Ichiro Ozawa also expressed strong intentions Friday to run in the election, saying, "I would like to respond to requests (to run)." He said he will make a final decision after meeting with party President Toshiki Kaifu on Sunday.

Hata, 60, told a Tokyo press conference, "I would like to lead a force that is willing to abandon selfishness, reform Japan again and open up a bright future for this country."

He pledged to take power from the coalition government through an alliance with the citizenry, leveling the criticism that the ruling coalition has repeatedly compromised among themselves and has implemented policies nobody wants as a result.

Hata expressed the hope of carrying out a self-motivated diplomacy and of promoting tax, political and administrative reforms.

On both Thursday and Friday, Hata met with Ozawa in an effort to arrange the candidacy issue in a way that would satisfy both of them.

A group of Shinshinto members are eagerly urging Ozawa himself to run for the party presidency, saying only his strong leadership can save the party.

Kaifu, also a former prime minister, has expressed his intention to seek reelection. Kaifu defeated Hata for the party's presidency a year ago.

Hata became premier in April last year but his minority coalition government surrendered power within two months to the current tripartite coalition led by Prime Minister Tomiichi Murayama.

At that time Hata headed Shinseito (Japan Renewal Party), which merged with eight other noncommunist parties into the larger but mottled Shinshinto on Dec. 10 last year. He holds the post of vice president in the conservative opposition party.

Another former prime minister, Morihiro Hosokawa, has said he will not contest the party election.

Under a recently fixed election rule, anybody aged 18 or over who pays 1,000 yen can vote in the presidential race.

The party will accept candidates until Dec. 16, and then receive votes by mail until Dec. 26.

Opposition forces united a year ago to form the party with the aim of wresting power from the current tripartite ruling coalition. Shinshinto's current goal is to beat the rival conservative Liberal Democratic Party (LDP), the largest component of the coalition, in the next general election of the House of Representatives expected to take place as early as next spring.

In the House of Councillors election in July this year, Shinshinto took 30.75 percent of the proportional representation votes, compared with the LDP's 27.29 percent.

Oil Industry Reform Expected To Accelerate

OW0812080495 Tokyo NIHON KEIZAI SHIMBUN in Japanese 7 Dec 95 Morning Edition p 3

[FBIS Translated Text] The breakup of an alliance between Nippon Oil Company and Caltex Petroleum Corporation is expected to accelerate moves to restructure the oil industry. In particular, the integration of refining and marketing and joint operations of refineries will increase after the Special Petroleum Law is abolished at the end of next March to liberalize gasoline imports.

Of the Japanese oil firms, Idemitsu Group and Cosmo Oil Group have finished integrating refining and marketing operations. Yet there are many companies that only do refining, including Toa Oil Company, affiliated with the Showa Shell Group, and Kashima Oil Company, affiliated with the Japan Energy Group. Because Nippon Oil, the largest oil company in Japan, began integrating its refining and marketing operations, these companies will also have to strengthen their relations with oil distributors.

The Japan Energy Group (formerly the Nikko Kyodo Company) was formed by a 1992 merger between the Nippon Mining Company and Kyodo Oil Company. It has long been thought that the group will merge with refining firms, such as Kashima Oil Company. Meanwhile, this past March, Tonen Corporation purchased a stake in Kygnus Sekiyu Seisei K.K. from Nichimo Company, making Kygnus a wholly owned subsidiary. It is possible that Tonen will also acquire Kygnus Sekiyu K.K., a Tonen-affiliated firm.

The idea of refiners establishing a company to operate several refineries jointly has surfaced in such areas as Chiba and Kawasaki, where oil refineries are concentrated. Now that oil companies have grown less reluctant to join hands with rivals, the reorganization of the oil industry may progress through mergers between different groups.

Upon the abolition of the Special Petroleum Law, Japanese oil refiners will face fierce cost competition from countries such as South Korea and Singapore. Japan's cost of refining oil is very high compared with other countries' cost, because of high land and labor costs and severe environmental regulations. According to an estimate by the Japan Energy and Economy Research Institute [name as published], the cost of refining one kiloliter of crude oil is 4,730 yen in Japan, or about 3,200 yen more than in South Korea and Singapore.

Posts Minister Pledges To Open Telecom Market

OW0812043895 Tokyo KYODO in English 0301 GMT 8 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 8 KYODO — Postal minister Issei Inoue pledged Friday [8 December] he will remove restrictions on newcomers wishing to enter Japan's telecommunications market and denied there are any barriers separating domestic and overseas services.

Inoue, Minister of Posts and Telecommunications, told a news conference the ministry does not attach conditions barring domestic and international service providers from entering each other's market when it grants licenses to common carriers.

Inoue made the remarks while commenting on a report by a governmental council on administrative reforms calling for deregulation in the telecom market.

The report called for early abolishment of laws restricting operations of international telecom company KDD and domestic telecom giant Nippon Telegraph and Telephone Corp.

Inoue said there are no such laws dividing the telecom market and "I believe no administrative guidance was taken by the ministry to separate the market."

He said it is possible for long-distance telecom service providers to move into the international service and for local common carriers to form business tie-ups.

The ministry will take action with a transparent approach on applications by telecom companies wanting to expand the scope of their business, he said.

Holidays Shortened by Semiconductor Demand

OW0812120395 Tokyo MAINICHI SHIMBUN in Japanese 6 Dec 95 Morning Edition p 8

[FBIS Translated Text] On 5 December, it was disclosed that all major electric appliance manufacturers will substantially shorten their semiconductor plant workers' year-end and New Year holidays to boost production. Since the supply of semiconductors, which are used in personal computers and other appliances, cannot satisfy the rapidly growing demand, some of the plants will maintain full operations during the holiday season. A manufacturer (Fujitsu) said: "Although we are concerned about the trend of shortened work hours, our production cannot overtake demand even if we worked during the year-end and New Year holiday season. Necessity has no law."

NEC Corporation, which is the largest domestic semiconductor producer, will close its headquarters and business offices for six days starting 29 December. But the NEC's five factories across the nation, including its Hiroshima plant, are planning to shorten their initially planned holidays, which vary from 5-7 days, to 4-5 days. A senior NEC executive said: "We were planning to give short year-end and New Year holidays to people who work at the semiconductor plants. However, we have no choice but to increase their working days because the demand for semiconductors is expanding more and more."

Toshiba Corporation plans to have their four plants in Oita City and other locations operate fully throughout the holiday season. There is no precedence for operating the plants without holidays, so the company is reportedly "trying to coordinate work schedules to enable the employees to take turns taking consecutive holidays."

Moreover, Fujitsu Corporation was initially planning to close its three semiconductor plants, including Iwate Plant, for six days from 30 December to 4 January. But the number of holidays will be reduced to three or four days. Hitachi, Ltd. also says that its employees at semiconductor plants will "likely be able to take only four holidays by turns."

North Korea

U.S. 'Bellicose Antirepublic' Acts Denounced

SK0812073995 Pyongyang Korean Central Broadcasting Network in Korean 1222 GMT 7 Dec 95

[Commentary from 7 December NODONG SINMUN: "The Problem Depends on What Position the United States Will Assume"]

[FBIS Translated Text] The South Korean puppets and some officials of the U.S. military have been perpetrating more bellicose anti-Republic commotions.

For example, the South Korean puppets, who have suffered the worst political crisis because of the slush fund scandal, are inspiring a confrontation while raving about our provocations; in addition, some officials of the U.S. military sympathize with the South Korean puppets and are raving that they would engage in a joint military counteraction against us along with the puppets.

We cannot overlook this because the puppets may create an adventure to get themselves out of the present political crisis and because the United States may attempt to crush the DPRK in league with them.

DIE PRESSE, an Austrian newspaper, reported on 31 November that the puppet defense minister raved about the possibility of the North's aggression and ordered the entire Armed Forces placed on emergency alert. It went on to report: However, North Korea has not shown any signs or movement indicating it will try to make ill use of South Korea's uneasy situation to its own advantage.

This is the unanimous view of fair public opinion.

As a result of our patient efforts, no war has been ignited on the Korean peninsula, where tensions prevail because war games of fire are being played in Seoul almost daily. As is clear, the allegation about our provocations, which the South Korean puppets are spreading, is aimed at inventing a pretext for confrontation and war [taegyolgwa chonjaengui kusil].

The United States has raised North-South dialogue as a condition for improving DPRK-U.S. relations. In this regard, we have stated more than once that an atmosphere for North-South dialogue has not yet been created and that we have no dialogue partner. This is graphically demonstrated by the situation in South Korea. Because of the slush fund scandal, South Korean political circles have been completely divided and have collapsed to the extent they cannot resolve the political situation.

There are not a few regimes tainted by irregularities and corruption. However, no regime is as bad as the group of puppet South Korean rulers, a throng of thieves. Its ringleader is the puppet traitor Kim Yong-sam. The South Korean puppets do not have the slightest interest in improving North-South relations and resolving the reunification issue. They endlessly conduct large joint military exercises with the United States, repeatedly fabricate nonexistent slanderous incidents and find fault with us, and viciously perpetrate anti-Republic confrontational commotions.

They have no intention of holding North-South dialogue. This is well illustrated by the fact that they rave about achieving reunification under a liberal democratic system as their goal and dream, and that they need not be hasty with North-South dialogue.

If they had the slightest interest in reunification, they would not have dared to arrest and detain Presbyter Pak Yong-kil and the student representatives Chong Min-chu and Yi Hye-chong under the vicious National Security Law. As is shown, the group of South Korean rulers is a vicious enemy to reunification and an enemy to the nation, as well as a group of corrupt people. Even a small child knows we cannot discuss the reunification issue, directly related to the destiny of the nation, with these dirty people.

We consider a request for us to sit face to face with the South Korean puppets to be an insult to dialogue and a mockery of the nation's desire for reunification [taehwarul modokhago minjogui tongil yolmangul uronghanun kosuro]. We will never do such a thing.

How the situation on the Korean peninsula will develop depends on what position the United States assumes.

In consultations and cooperation with the South Korean puppets, the United States has pursued a hostile policy toward the DPRK in handling such issues related to the improvement of DPRK-U.S. relations as providing light-water reactors and opening liaison offices, all agreed on under the DPRK-U.S. Agreed Framework. In view of this, we have no choice but to view the slush fund scandal in South Korea, the subsequent anti-Republic confrontational commotions, and the movements of some officials of the U.S. military in close relation to the DPRK-U.S. relations and the situation on the Korean peninsula.

In connection with the puppets' slush fund scandal, U.S. public figures and journalists say that, if necessary, they will cooperate in the investigation to clarify the scandal; will express their anger over the corrupt puppet South Korea politicians; and will demand that those involved be punished. This also serves as a request for the United States to see the South Korean situation straight and to solve the problems with a fair attitude.

If the United States persistently defends the corrupt Kim Yong- sam group of thieves as our dialogue partner, sets unreasonable preconditions for the improvement of DPRK-U.S. relations in an effort to pursue its own interests, and strains the situation by invariably perpetrating anti-Republic commotions, then the situation on the Korean peninsula will further worsen, thus seriously affecting the implementation of the DPRK-U.S. Agreed Framework [chomi habuimun ihaenge simgakhan hugwaga michige toelgosida]. Then, fair international opinion will ask the United States to take the responsibility for any consequences.

If the United States truly has a will to improve its relations with us based on the DPRK-U.S. agreed framework, it must not raise North-South dialogue as a precondition and must seek to strain the situation on the Korean peninsula. The United States must play a fair and correct role in clarifying the slush fund scandal in South Korea, the worst corruption scandal in the world.

Paper Denounces U.S. for Calling North 'Threat'

SK0812043595 Pyongyang KCNA in English 0418 GMT 8 Dec 95

["Why Do They Vilify Others?" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 8 (KCNA) — The United States attempted to specify the phrase "threat from North Korea" in the joint document for "reformulation" of the "Japan-U.S. Security Pact," which has been published recently after agreement between the United States and Japan, as well as in the "outline of the new defence program," which was adopted at a cabinet meeting of Japan.

Commenting on this, NODONG SINMUN today recalls that the United States has long talked about "threat" from the DPRK in an effort to stifle it.

The news analyst says:

This time, the United States tried to involve Japan in branding the DPRK as a source of "threat" with a view to inspiring Japan to hostile acts against the DPRK. To this end, the ruling quarters of the U.S., playing into the hands of the South Korean puppets, are urging Japan to actively "join" in the anti-DPRK "cooperation system."

The United States intends to hinder improvement of relations between the DPRK and Japan on the pretext of "threat" from the DPRK.

Improvement of the DPRK-Japan relations is a desire and demand of the two peoples and a reflection of the trend of the times. This issue should be settled between the DPRK and Japan.

The United States, however, is using the fiction of "threat" from the DPRK in its effort to block Japan from improving its relations with the DPRK. This shows the United States dislikes the improvement of DPRK-Japan relations.

That is why the United States urges Japan to make a fuss over the fiction of "threat" from the DPRK.

With no trick can the United States conceal its dark intention.

U.S. Continues 'War Exercises' Against North

*SK0812053495 Pyongyang KCNA in English
0438 GMT 8 Dec 95*

["Continued War Exercises Against North" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 8 (KCNA) — The U.S. imperialist warmaniacs staged an adventurous nocturnal air strike exercise in the sky above Sangdong, South Korea, on December 5 with scores of pursuit-assault planes and VTOL [vertical takeoff and landing] assault planes based in Japan, military sources reported.

The war game which was held with the support of KC-135 refuelling tankers was aimed at completing the preparedness for an emergency sortie of carrier-based planes belonging to the U.S. Pacific Fleet to the operational theatres and at making a long-distance nocturnal surprise strike at important targets in the inland of the North.

That day, an overseas-based P-3 patrol plane and U-2 high- altitude strategic reconnaissance plane committed an espionage on the waters, the seabeds and grounds of the North along the front from the skies above South Korea.

On December 6, the South Korean puppets illegally introduced a 90-mm recoilless gun and 12.7-mm large-calibre machine gun into the demilitarized zone of the central sector of the front. Three military vehicles loaded with armed soldiers and lethal weapons were also introduced there.

On December 5 and 6, hundreds of the puppet army soldiers armed with machine guns and automatic rifles incited a war fever against the North in the demilitarized zone along the Military Demarcation Line.

South Pomminnyon Denounces ROK Authorities

*SK0512035295 Pyongyang KCNA in English
0340 GMT 5 Dec 95*

[FBIS Transcribed Text] Pyongyang, December 5 (KCNA) — The Overseas Headquarters of the National Alliance for the Country's Reunification (Pomminnyon) released a statement on December 1 denouncing the Kim Yong-sam group for arresting Kang Hui-nam, chairman of the South Side Headquarters of Pomminnyon, and hardcore members of its regional organizations in Seoul, Pusan, Taegu, South Cholla Province, and other areas, by invoking the "National Security Law" [NSL].

The statement condemned it as an intolerable suppression of Pomminnyon, which has devotedly struggled for national reunification in the van of the entire fellow countrymen and as a very unjustifiable behaviour turning blind eyes to the history and the reunification aspiration of the 70 million fellow countrymen.

The South Korean authorities, by carrying out this shameless suppression, revealed by themselves that they are a rare fascist group, who are opposed to the nation and reunification, preoccupied by power ambition and ignorant of the nation's reconciliation and unity and national reunification, the statement says, and goes on:

They should act with discretion, remembering what a miserable end the predecessors met after engaging in anti-national suppressive acts, turning blind eyes to the reunification aspiration of the 70 million fellow countrymen.

The Overseas Headquarters of Pomminnyon strongly demands that the South side's authorities stop suppression of the South Side Headquarters of Pomminnyon at once, set free the illegally imprisoned figures under Pomminnyon organizations unconditionally and immediately, repeal the "NSL", an evil law against reunification, and release all of pro-reunification patriots now behind bars.

ROK Special Law Enactment 'Third-Rate Drama'

SK0512034095 Pyongyang KCNA in English 0325 GMT 5 Dec 95

["Third-Rate Drama To Win Popularity" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 5 (KCNA) — The traitor Kim Yong-sam is visiting various places allegedly to "accept a wide range of views" concerning the enactment of a special law on the May 18 incident and advertising "bold liquidation."

NODONG SINMUN today brands this fuss as a third-rate drama to bridge over the crisis and win popularity.

The news analyst says:

It is well known a fact that Kim Yong-sam called for leaving the December 12 military coup and the May 18 Kwangju incident to "historical judgement," acquitted the chief culprits of the Kwangju massacre and saved them.

But, Kim Yong-sam abruptly took the measure to enact a special law on the May 18 incident. This is a foolish trick to divert elsewhere the public criticism of his acceptance of much money from No Tae-u.

Though he took the measure for the special law, he is doggedly objecting to the introduction of a special prosecutor system for the punishment of all the murderers of the Kwangju incident and talking about "liquidation of unhappy past" and "acceptance of a wide range of views." This is no more than an absurd advertisement.

He declared he would root up the chronic corrupt links between politics and business. This is an ostrich policy.

It is a stark fact that as soon as he took office, he received bundles of slush funds from comprador businessmen after granting them "privileged concessions" and suddenly became a leading billionaire in South Korea.

Kim Yong-sam must stop the third-rate drama, open to the public the "presidential election" fund he received from No Tae-u, step down from power at once and stand before the people's tribunal, as unanimously demanded by them.

NDFSK Denounces ROK Sentencing of Pak

SK0712095595 Pyongyang KCNA in English 0817 GMT 7 Dec 95

[FBIS Transcribed Text] Pyongyang, December 7 (KCNA) — A spokesman for the National Democratic Front of South Korea (NDFSK) issued a press statement on December 2 denouncing the South Korean fascist clique for having passed a jail sentence upon Pak Yong-kil, widow of Rev. Mun Ik-hwan, and inflicting all manner of anti- humanitarian persecution and suppression on her, a Seoul-based radio Voice of National Salvation said.

The spokesman criticised the criminal outrage of the Kim Yong-sam group as an intolerable challenge to the people of various strata who have stubbornly called for the acquittal of the woman and an unpardonable crime chilling the 70 million fellow countrymen's ardent desire for reunification.

"The Kim Yong-sam group, indulged in anti-ethical and anti- reunification crimes with its back on the people and the nation, will have to pay dearly for this on any account," he said.

"The Kim Yong-sam group should clearly see how resentfull our people are and cancel the penalty on presbyter Pak Yong-kil without delay, repeal the anti-reunification fascist 'National Security Law' and immediately set free the pro-reunification patriots illegally imprisoned on the charge of violation of the law, he urged.

Paper Urges ROK To Release Pak Yong-kil

SK0512033695 Pyongyang KCNA in English 0329 GMT 5 Dec 95

["S. Korean Regime Urged To Release Pak Yong-kil Immediately" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 5 (KCNA) — The Kim Yong-sam group of South Korea imposed a prison term on Pak Yong-kil, a patriotic champion of reunification. This is an overall challenge to the unanimous demand of the entire fellow countrymen and world public circles for her immediate release and is also an unpardonable anti-national, anti-reunification crime. MINJU CHOSON says this in a commentary today.

The Kim Yong-sam group's persecution of Pak shows that "dialogue" and "improvement of relations" on their lips are an empty talk, the paper says, adding:

The South Korean rulers have persecuted and imprisoned her on the grounds that she met with fellow countrymen in the North. This is really an unbearable challenge to the North and indicates that they take no account of reconciliation and dialogue with the North and the reunification of the country.

In such a way as penalizing the old woman and rendering the inter-Korean relations more acute, the "civilian" fascist clique are trying to keep the South Korean people from revering and worshipping the great father and leader of the nation, suppress the pro- reunification patriotic forces and emerge from the serious ruling crisis. But this is a foolish attempt.

Public sentiment is the will of heaven and the traitors going against it will not be left unpunished.

The Kim Yong-sam group must unconditionally and immediately release Pak, abolish the "National Security Law," an anti-communist fascist law, without delay and step down at once.

Yo Yon-ku Speaks at Meeting on Pak Yong-kil

SK0712034195 Pyongyang KCNA in English 0301 GMT 7 Dec 95

[FBIS Transcribed Text] Pyongyang, December 7 (KCNA) — An enlarged meeting of the struggle committee for rescue of Mrs. Pak Yong-kil was held here on Wednesday.

The enlarged meeting denounced the fascist act of the South Korean rulers who tried and pronounced sentence upon presbyter Pak Yong-kil, representative of the 70 million Korean people's meeting for embracing national unification, co-chairperson of the family movement for realizing democracy in South Korea and widow of Rev. Mun Ik-hwan, for having visited Pyongyang and discussed on how to strengthen the struggle for her reinstatement.

Yo Yon-ku, presidium member of the C.C. [Central Committee], the Democratic Front for the Reunification of the Fatherland and chairwoman of the Struggle Committee for Rescue of Mrs. Pak Yong- kil, made a report which was followed by speeches at the meeting.

The reporter and speakers said the South Korean rulers have been touching off a surging indignation of the entire fellow countrymen by trying and passing sentence upon Mrs.Pak, a pro-reunification patriot, on the charge of violation of the notorious "National Security Law."

Noting that the South Korean rulers arrested and persecuted her above 70 years and passed sentence upon her at last, they scathingly denounced the fascist outrage as a ruthless anti-ethical and anti- national behaviour, an expression of their undisguised confrontation move against the northern half of Korea.

They strongly urged the Kim Yong-sam group to nullify the penalty on Mrs. Pak, set free all political prisoners and pro- reunification patriots including students Chong M[illegible]a-chu and Yi Hye- chong now behind bars and step down from power after opening to the public the seamy side of the "slush fund" scandal as demanded by the South Korean people.

A statement of the struggle committee was made public at the enlarged meeting.

Literature Revering Kim Il-song Found in ROK

SK0612124795 Pyongyang KCNA in English 0938 GMT 6 Dec 95

[FBIS Transcribed Text] Pyongyang, December 6 (KCNA) — Literature revering the great leader President Kim Il-song were distributed in Seoul, Pusan, Taegu and other areas in mid-November, a Seoul-based radio Voice of National Salvation [VNS] said.

The literature circulated to houses of opposition, media and academic figures in the name of the Kumsusan Society were made in the form of a letter.

Printed in the upper part of the front page of the literature is a colour-portrait of President Kim Il-song beaming as bright as the sun, the frame of which is decorated with 83 Magnolia flowers.

And, written below it are letters "President Kim Il-song, a peerless patriot, is always with our fellow countrymen".

Seen in the back side of the literature is a general view of the Kumsusan Memorial Palace where President Kim Il-song is lying in state, the palace which is against the blue sky, under which there are letters "Kumsusan Memorial Palace, the supreme holy palace to which all the people are looking up."

Scandal Shows 'True Color' of Liberal Democracy

SK0612121895 Pyongyang KCNA in English 0925 GMT 6 Dec 95

["Nature of 'Liberal Democratic System' Revealed" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 6 (KCNA) — The slush fund scandal largest ever in history has offered a clear glimpse of the deceptive nature of the "liberal democratic system" advertised by the Kim Yong-sam group and brought into a bolder relief the anti-people reactionary features of South Korean politics, a mixture of power, money and plots, says NODONG SINMUN in an article today.

Though the Kim Yong-sam group are trying hard to veil their true color as accomplices in the scandal, can they never escape from public protest against their repressive rule and irregularities and prop up the tottering regime, the paper says, and continues:

It is the height of sarcasm and impudence that the puppets are describing the colonial fascist system of South Korea as "liberal democracy" and politics pursued by the Kim Yong-sam group of thieves as "democratic politics."

As the successive dictators of South Korea have amassed fortunes by dint of the fascist rule, the Kim Yong-sam group are acquiring ill-gotten wealth by abusing power.

The traitor Kim Yong-sam must not try to cloak his true color but unveil himself related to the slush fund scandal and step down without delay as demanded by the people.

Scandal Said 'Noose' Around Kim Yong-sam's Neck

SK0612121995 Pyongyang KCNA in English
0936 GMT 6 Dec 95

[FBIS Transcribed Text] Pyongyang, December 6 (KCNA) — Suspicion on the 1992 "presidential election" fund, the mainstay in the traitor No Tae-u's "slush fund" scandal, has turned out to be a noose round the neck of the traitor Kim Yong-sam now in South Korea.

Opposition parties have been charging that Kim Yong-sam had received more than 500 billion won in a one-to-one meeting with No Tae-u on October 2, 1992 and taken about one trillion won into his pocket only in his early days of office through Kim Yun-hwan, who was close to "Chongwadae" at that time.

Kim Tae-chung said the mop-up measure for the "slush fund" scandal is for Kim Yong-sam to open to public the "presidential election" fund and apologize to the people.

Bickering around the suspicion on "presidential election" fund between ruling and opposition camps has found its way into the "parliament" to make it shambles.

Opposition parties organized an investigative team in a bid to disclose the "presidential election" fund and have been intensively probing the background of Kim Yong-sam.

A source of "Chongwadae" said the political situation would run into a big crisis, in case irregularities of Kim Yong-sam in the "slush fund" issue are disclosed.

"'Chongwadae' fears that Kim Yong-sam would not be able to complete the second half of his office term, in case it is confirmed that he became president by violating the law in force," the source said.

Students and people of various strata throughout South Korea have been conducting demonstrations and meetings every day in denunciation of the traitor's crime, under the slogan "Death to Kim Yong-sam 'Regime'".

South Korean news media highlight voices of various circles of South Korea calling for punishment of the Kim Yong-sam group alongside No Tae-u. The harder the traitor Kim Yong-sam, the mastermind of irregularities who has gathered assets amounting to billions of won, tries to conceal his crimes, the tighter the noose around his neck will be.

Results of Investigation Into Slush Fund Scandal

SK0712061295 Pyongyang KCNA in English
0429 GMT 7 Dec 95

["Papers Comment on 'Results of Mid-Term Investigation' Into Slush Fund Scandal" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 7 (KCNA) — The Kim Yong-sam group on December 5 let the puppet prosecution make public what they call "results of mid-term investigation" into the "slush fund case" of the traitor No Tae-u.

Papers here today comment on this.

NODONG SINMUN in a signed commentary headlined "Justice Can Never Be Expected From Burglar" says that the "results of mid-term investigation" are an ostrich policy designed to divert elsewhere the spearhead of protests against the traitor Kim Yong-sam, an accomplice in the "slush fund scandal", and that the detainment of No Tae-u by the puppets is one more third-rate farce to conceal their being accomplices in the "slush fund scandal".

The analyst further says:

The puppet prosecution announced that nothing new has been brought to light in the process of the "investigation" into the traitor No Tae-u. This is an evidence that the "detainment and investigation" on the part of the prosecution are a burlesque based on a scenario prearranged by the traitors Kim Yong-sam and No Tae-u.

Especially, the point at issue is that in releasing the "results of mid-term investigation" the prosecution said that "anything has not yet been disclosed in the investigation into the political funds", and expressed its willingness "not to make public" what would be disclosed in future. This is meant to make greater efforts to keep from the public the truth behind the "presidential election" funds of the traitor Kim Yong-sam.

Given the fact that the high-ranking officials of the present puppet prosecution are all the servants loyal to the traitor Kim Yong-sam, it is obvious that the prosecution is unlikely to further a probe into the truth behind the "slush fund case" of No Tae-u.

MINJU CHOSON in a by-lined commentary titled "'Results of Ridiculous Investigation' Based on Scenario" urges the traitor Kim Yong-sam not to pursue the ostrich policy, but open to the public the total of money he received from No Tae-u before facing a stern judgement by history.

ROK's NCNP on 'Presidential Election' Fund

SK0812103995 Pyongyang KCNA in English
0902 GMT 8 Dec 95

[FBIS Transcribed Text] Pyongyang, December 8 (KCNA) — The opposition National Congress for New Politics [NCNP] of South Korea on December 6 reaffirmed that the "presidential election" fund of Kim Yong-sam amounted to more than one trillion won, a Seoul-based radio reported.

That day, it held a meeting as regards the prosecution's announcement of the results of investigation, at which it disclosed the total sum of the "presidential election" fund, saying that Kim Yong-sam received 300 billion won from No Tae-u and 700 billion won from businessmen.

The national congress demanded a thorough investigation through the introduction of a special prosecutor system and a hearing, charging that the prosecution's announcement of the investigation results regarding the "slush fund scandal" of No Tae-u was "the result of a political framing of investigation."

ROK President's Remark on North's Threat Noted

SK0812115795 Pyongyang Korean Central Broadcasting Network in Korean
0854 GMT 6 Dec 95

[Unattributed talk: "Foolish Confrontation Commotion by Puppet Traitor Kim Yong-sam Who Has No Future"]

[FBIS Translated Text] Traitor Kim Yong-sam's war frenzy has reached a reckless stage. On 1 December traitor Kim Yong-sam held a so-called combined defense conference and babbled that stern measures should be taken to cope with the North's possible provocation in the wake of the current political and social chaos caused by the secret fund scandal in South Korea, and that a perfect military readiness should be established against it, thus inspiring a war fever among the South Korean people.

The antinational act by traitor Kim Yong-sam who plots to harm fellow countrymen and who only clamors about confrontation whenever an opportunity presents itself, clearly proves that as long as the rascal is left intact, neither the country's reunification nor the nation's unity can be achieved and that our nation cannot evade the disaster of a war.

Behind the background of puppet traitor Kim Yong-sam's maneuvers of inspiring the consciousness of confrontation among the South Korean people this time again by laying the blame at our door is a foolish attempt to bring under control the so-called civilian- led government's crisis which has reached a serious stage.

It is traitor Kim Yong-sam's hackneyed practice to put up a shocking theory on a southward invasion threat whenever he faces a crisis in ruling.

Today, traitor Kim Yong-sam faces the most serious crisis since his assumption of office because his crimes as an accomplice of No Tae-u's secret fund scandal have been completely revealed. The South Korean people are turning the brunt of their struggle towards overthrowing the civilian-led government while calling on the traitor Kim Yong-sam to completely reveal the full contents of the election funds he received from No Tae-u.

Proceeding from the attempt to divert the attention of the South Korean students and people who are calling for the overthrow of the civilian-led fascist regime, traitor Kim Yong-sam eventually put up the idea of enacting an 18 May special law. However, the South Korean people and various political forces in South Korea are further strengthening their attack against traitor Kim Yong-sam, branding his idea of enacting a 18 May special law as the last resort to bringing the crisis under control.

The antigovernment atmosphere which is driving traitor Kim Yong- sam into the corner of ruin is rapidly growing not only in political circles in South Korea, but also inside the puppet army. Middle- and low-level officers of the puppet army and its enlisted men are strongly cursing traitor Kim Yong-sam who has made South Korea the dump site of the most corrupt politics. They are also refusing to lead their disgraceful life as the guard of the garbage site of politics.

Enlisted men are so greatly disillusioned about their life in the puppet army that on 28 November, the puppet National Defense Minister Yi Yang-ho let out a squawk, saying that because of the current secret fund scandal, there is a serious problem in the security posture of the army, including its commanding channel, military discipline, and morale.

Proceeding from this, traitor Kim Yong-sam needed the so-called plot of possible provocation from the North in a bid to divert elsewhere the attention of the South Korean people and political circles and to soothe the ever-increasing anti-Kim Yong-sam spirit within the puppet army. Herein lies one of the main purposes of traitor Kim Yong-sam's clamoring about someone's possible provocation and the like.

Another purpose of traitor Kim Yong-sam's clamoring about our nonexistent provocation is to justify his war exercise commotions and thus, to persistently ignite a war of northward invasion. For this end, the Kim Yong-sam ring has staged various types of war exercise, including the Ulchi Focus Lens-95 and the Foal Eagle-95, since the beginning of this year. Recently, the Kim Yong-sam ring perpetrated a reckless military provocation everyday in the area of the Military Demarcation Line and announced that a large-scale field mobile exercise would be staged next year in place of the Team Spirit joint military exercise. Thus, it has created a warlike atmosphere for war.

Whenever they faced a serious crisis in their rule the fascist tyrants who were ignorant about politics tried to find a way out of this by triggering a war. This is a fact shown by history.

Likewise, traitor Kim Yong-sam, an ignorant man, who is ignorant of philosophy and politics, has made the South Korean society extremely chaotic through his reform, policy toward the North, and foreign policy which are all most antipopular, antinational, and antireunification. Thus, traitor Kim Yong-sam is precisely the ringleader who has led the South Korean society into today's crisis.

Although traitor Kim Yong-sam — who has been completely rejected by 70 million fellow countrymen and driven into a corner — is trying to find a way out from today's crisis by provoking a war of northward invasion, this is nothing but a foolish act and a last struggle of the person who has no future.

If puppet traitor Kim Yong-sam who is running wild indiscreetly, like the proverb, fools rush in where angles fear to tread, sets fire first he will undergo big blows and come to his doom.

Response to ROK Minister's 'Directive of War'

SK0812033795 Pyongyang KCNA in English 0321 GMT 8 Dec 95

["Agitation for War" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 8 (KCNA) — The chief of staff of the puppet air force issued a "commanding directive" to the brasshats of the puppet air force, to incite war fever, a Seoul-based radio report said on December 6.

The directive, taking issue with the North, demands that the air force be on "the red alert" to cope with someone's "possible provocation" and that the emergency stand-by members be ready to take "a perfect measure" in the initial stage in case of "emergency".

Prior to his directive of war, the puppet defence minister, too, cried for the puppet army's alertness for war clamouring about "perfect military preparations."

It is not fortuitous that the South Korean brasshats have been inciting war fever one after another.

Now the Kim Yong-sam group have run into a serious crisis because of the "slush fund" scandal and the question of punishment of the murderers of Kwangju massacre.

Dismayed by the public denunciation focused on them, the Kim Yong-sam group are hell bent on groundlessly slandering the North and inciting war fever in a bid to divert elsewhere the people's attention.

The chief of staff of the puppet air force said that "now social consciousness of security as a whole is weakening." This eloquently tells what is underlying the Kim Yong-sam group's move of screwing up war fever.

The Kim Yong-sam group should act with discretion, clearly mindful that the more wildly they run amuck, the faster they will face destruction.

Paper Reacts to ROK Remarks on 'Threat', NSL

SK0812095095 Pyongyang KCNA in English 0928 GMT 8 Dec 95

["Kim Yong-sam Group's Anti-DPRK Remarks Under Fire" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 8 (KCNA) — A South Korean puppet delegate told the third committee of the 50th UN General Assembly session that the people's freedom and human rights are not guaranteed in the Democratic People's Republic of Korea and as long as there exists "threat of southward invasion" from North Korea it is impossible to scrap the "National Security Law [NSL]".

Commenting on this, NODONG SINMUN today says that his utterances remind people of a Korean saying that the bad dog barks in the field.

The analyst further says:

The Korean-style socialism is a true democratic society, an anthropocentric socialist system to the letter, where all political rights and freedom are guaranteed for the people. In our society such "human rights problem" as what the puppets describe does not exist at all from the institutional and legal point of view.

South Korea is the worst graveyard of human rights and wasteland of democracy and civil rights in the late 20th century, which has been under the colonial fascist dictatorship of outside forces over the past 50 years.

This has been vividly proved by the "slush fund scandal" of the traitor No Tae-u and other incidents.

We cannot but take a serious note of the fact that at the United Nations the Kim Yong-sam group expressed their willingness not to scrap the "National Security Law" because of the fictitious "threat of southward invasion".

It is a stark fact that in the Korean peninsula threat of war comes to North Korea from South Korea where more than 1,000 U.S. nuclear weapons have been deployed and military manoeuvres are staged almost everyday. It is widely known that the notorious "National Security Law" now in force in South Korea is a fascist law against the nation, democracy and reunification.

The recent statement made by the puppets at the UN disclosed before the eyes of the world the criminal intention of the Kim Yong- sam group to use, in the future, too, the "NSL" as a tool for blocking national reconciliation, unity and reunification, and, furthermore, unleash a fratricidal war at any cost in conspiracy with foreign forces.

Kim Yong-sam group's anti-DPRK confrontation and war provocation moves are a foolish act, which will only precipitate their self-destruction.

ROK Student Demonstration in Kwangju Reported

SK0712100195 Pyongyang KCNA in English 0823 GMT 7 Dec 95

[FBIS Transcribed Text] Pyongyang, December 7 (KCNA) — More than 400 students affiliated with the Kwangju and South Cholla Provincial Federation of University Student Councils (Namchongnyon) thronged to the Kwangju and South Cholla Provincial branch of the tentatively named New Korea Party, or former "Democratic Liberal Party", on December 6 and staged a surprise demonstration in denunciation of the Kim Yong-sam group's attempt to minimize the list of those responsible for the May 18 Kwangju massacre, according to a radio report from Seoul.

The protesters said that Kim Yong-sam's attempt to punish Chon Tu-hwan and some other murderers is a proof that his decision to enact a special law was designed to pacify the suspicion of the "presidential election" fund.

ROK's Kim Tae-chung Urges Kwangju Punishment

SK0812041795 Pyongyang KCNA in English 0329 GMT 8 Dec 95

[FBIS Transcribed Text] Pyongyang, December 8 (KCNA) — President of the opposition National Congress for New Politics of South Korea Kim Tae-chung on December 6 demanded the punishment of all those responsible for the Kwangju massacre at the inaugural meeting of the Ansan No. 1 District Party Committee in Kyonggi Province, according to a radio report from Seoul.

He criticized the "government" authorities for scheming to put a finishing touch to the investigation after punishing only Chon Tu- hwan, No Tae-u, Chong Ho-yong and Pak Chun-pyong as responsible for the bloodbath in May 1980.

Kim Tae-chung urged that all those related to the May 18 incident be severely judged according to law.

Kim Yong-sam's Remarks on Kwangju Probe Decried

SK0812091295 Pyongyang KCNA in English 0856 GMT 8 Dec 95

["Traitor Kim Yong-sam Continues Defending Kwangju Murderers" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 8 (KCNA) — The traitor Kim Yong-sam Tuesday has reportedly expressed his willingness "To minimize a legal action against those involved in the May 18 incident", backing Kim Yun-hwan, one of the high-ranking civil servants of the "Fifth and Sixth Republics", when he visited "Chongwadae" [presidential offices] and claimed that the investigation into the May 18 Kwangju massacre was aimed at "probing the truth behind the incident," not punishing those responsible for it.

His utterances are a clear indication that the detainment of Chon Tu-hwan and No Tae-u by the traitor Kim Yong-sam, "investigation," and the decision on the enactment of a special law are all a deceptive trick designed to make a mockery of public opinion and the traitor's ulterior intention is to give a way out to the Kwangju murderers.

ROK's DLP Ridiculed as 'Silly,' in 'Crisis'

SK0812034995 Pyongyang KCNA in English 0325 GMT 8 Dec 95

["Silly Signboard-Changing Move of Those Driven to Wall" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 8 (KCNA) — The "Democratic Liberal Party", which was driven into a tight corner within and without and has run into a crisis of destruction, called an "Executive Committee Meeting" on December 6 and changed its name into the "New Korea Party" (tentative name), according to a radio report from Seoul.

At the meeting, Kim Yong-sam group described the measure as a "new leap" and "new start", talking as if the "New Korea Party" were a "political party for the people". He manipulated the party's spokesman to explain that the party was renamed for "liquidation" of shameful history and "reform" of wrong history.

This is a silly trick of those driven to the wall to cheat and flout the South Korean people.

The Kim Yong-sam-led "DLP" has become a pronoun of thieves' group and the boss of thieves since the outbreak of the "slush fund" scandal shaking the South Korean society to its bottom. It has become a target of resentment, denunciation and accusation at home and abroad, running into a situation that cannot be brought under control.

In a bid to avoid the massive denunciation and accusations, they changed the party's signboard. But, it is self-evident that, although the party is renamed, the "image" of thieves cannot be changed, since its true colour has been revealed clearly.

The Kim Yong-sam group had better step down from power at an early date before making another laughing stock of the people.

Move To Deny Crime of 'Comfort Women' Viewed

SK0812054195 Pyongyang KCNA in English 0440 GMT 8 Dec 95

[FBIS Transcribed Text] Pyongyang, December 8 (KCNA) — Moves to deny the unheard-of crime of "comfort women for the Japanese Army" have become undisguised in Japan, according to a report from Tokyo.

The KYODO on December 6 reported that the Japan's Youth Liberal Party plans to put an advertisement, which denies the crimes committed by the Japanese imperialists in the past, in the U.S. newspaper THE NEW YORK TIMES.

The advertisement openly claims that in the old Japanese Army, brothels were neither directly nor indirectly managed by the military nor were the prostitutes who worked in these facilities forced physically into the profession" [no beginning quotation marks as received] and distorts the fact saying, "almost all the women working at such facilities were recruited from the ranks of prostitutes," KYODO said.

"The Japanese Government has acknowledged that the wartime government was involved in recruiting and management of such women," it said, adding that the Japanese public circles are denouncing the move of the Youth Liberal Party which "completely lacks common sense."

ROK Nuns Engage in Anti-Japanese Demonstration

SK0812040995 Pyongyang KCNA in English 0318 GMT 8 Dec 95

[FBIS Transcribed Text] Pyongyang, December 8 (KCNA) — About 1,000 catholic nuns of South Korea launched a demonstration on December 4 in front of the Japanese Embassy in Seoul, denouncing Japan for refusing to atone for the heinous crimes of forcing women to serve as "comfort women for the Japanese Army", a Seoul-based radio said.

In a letter of protest to the Japanese prime minister, they demanded Japan make an adequate apology for her crimes and compensate to the women who were sacrificed as sex slaves.

And they demanded that textbooks of Japan be rectified so as to make clear her crimes as they were.

PRC Provincial Delegates Visit Kumsusan Palace

SK0512035895 Pyongyang KCNA in English 0320 GMT 5 Dec 95

[FBIS Transcribed Text] Pyongyang, December 5 (KCNA) — A delegation of the Jilin Provincial Committee of the Communist Party of China (CPC) led by Mei Fengjun, secretary of the Changchun city, Jilin Province, committee of the CPC, paid homage to the great leader President Kim Il-song lying in state at Kumsusan Memorial Palace on December 3.

The secretary wrote in the visitor's book that "President Kim Il- song, a close friend of the Chinese people and the great leader of the Korean people, will be alive forever in our hearts."

Papers Observe Thailand's National Day

SK0512035595 Pyongyang KCNA in English 0343 GMT 5 Dec 95

["Papers Observe National Day of Thailand" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 5 (KCNA) — The Korean people extend warm congratulations and greetings to the friendly Thai people on the National Day of the Kingdom of Thailand, papers here today say.

NODONG SINMUN in a signed article says:

Thailand is putting great efforts into the work for prosperity of the country.

The nation is pursuing an independent foreign policy. Especially, the Thai people reject the Western nations' interference in their internal affairs.

A member of the Association of South East Asian Nations (ASEAN), Thailand is preferentially promoting friendly and cooperative relations with other ASEAN member nations and neighbouring countries.

The friendly relations between Korea and Thailand have been developing favorably.

The two countries established diplomatic relations at ambassadorial level on May 8, 1975, to develop friendly and cooperative relations on the principles of independence, mutual respect, equality and reciprocity.

The Korean people value the friendly and cooperative relations with the Thai people. The Korean people will make active efforts to further these relations in the interest of the two peoples.

In a signed article, MINJU CHOSON says the Korean people wish the Thai people new success in their work for the prosperity of the country.

Premier Sends Messages to Thai Counterpart

SK0612033995 Pyongyang KCNA in English 0300 GMT 6 Dec 95

[FBIS Transcribed Text] Pyongyang, December 6 (KCNA) — Premier of the administration council Kang Song-san, chairman of the Supreme People's Assembly Yang Hyong-sop and Foreign Minister Kim Yong-nam sent messages to their Thai counterparts — Prime Minister Banharn Silpa Archa, President of the National Assembly Boon Ua Prasertsuwan and President of the Senate Meechai Ruchupan, and Foreign Minister Kasem S. Kasemsri — congratulating them on the national day of Thailand.

The messages expressed the belief that friendly and cooperative relations between the two countries will continue developing favorably in the interests of the two peoples.

Yang Hyong-sop Sends Message to Lao Counterpart

SK0412043995 Pyongyang KCNA in English 0247 GMT 4 Dec 95

[FBIS Transcribed Text] Pyongyang, December 4 (KCNA) — Yang Hyong-sop, chairman of the Supreme People's Assembly of the Democratic People's Republic of Korea, sent a message of greetings to Saman Vi-gnaket, president of the Presidium of the Lao People's Supreme Assembly, on the occasion of the national day of Laos.

The message expressed the belief that the friendly and cooperative relations between the two assemblies would further grow in strength and develop in the future. It wished the Lao people greater success in their struggle to consolidate and develop the people's democratic system to suit their specific conditions and build an independent and prosperous country.

UN Delegate on 'Political' Use of Rights Issue

SK0812055495 Pyongyang Korean Central Broadcasting Network in Korean 0100 GMT 7 Dec 95

[FBIS Translated Text] A DPRK delegate spoke at the Third Committee of the 50th United Nations General Assembly on 1 December. In the speech, he said that although certain progress has been made in this field thanks to the continuous efforts of the international community for the protection and promotion of human rights for the period of nearly 50 years since the adoption of the World Human Rights Declaration, the human rights issue remains a serious international political issue awaiting urgent solution. The DPRK delegate noted:

In the efforts of the international community to protect and promote human rights, we think that preventing the human rights issue from being used politically should become a matter of the most essential and urgent interest.

For the international community to resolve the human rights issue fairly in conformity with its original objective and principles for the protection and promotion of human rights, it is important to first establish a correct view of the criteria of human rights.

In this connection, we oppose advocating the concept of human rights based on one's own values as an almighty standard and forcing other countries to accept it generally, thus abusing the universal principle of human rights.

Human rights are synonymous with the rights of a state, and the rights of a state are synonymous with sovereignty [inkkwonija kukkwonimyo kukkwonija chajukkwonida]. It is our firm will that in order to protect the human rights of the popular masses, one must first protect the sovereignty of the nation.

The Government of the DPRK, the basis of whose policy is the great leader Comrade Kim Il-song's ideology of serving the people like heaven, makes it a consistent rule to take complete responsibility for and look after the people's destiny and life as one who truly serves the people.

In our society today, all the people form one big family upholding the great leader Comrade Kim Chong-il as a parent, and the state, the people, and individuals are one body sharing a common destiny, one in flesh and spirit.

The Government of the DPRK has due pride and self-respect evidenced in the high standard of our human rights situation, and will continue to develop the work of protecting and promoting human rights in our own-style in conformity with our people's interests and demands.

We neither need anyone's approval nor try to read others' minds on the human rights issue. The popular mass-centered socialist system established in our country is a mighty weapon aimed at protecting and promoting the people's human rights and a roost that provides the people with happy lives.

The DPRK Government is always prepared to actively cooperate with the efforts of the international community and the United Nations in the field of human rights in conformity with the principles and objectives of the UN Charter based on equality and mutual respect. However, if someone interferes with our socialism and tramples upon our sovereignty, we will never make the slightest compromise but will instead fight it resolutely.

Our particular attention is drawn to the fact that the human rights issue is abused for the political confrontation between the North and the South on the Korean Peninsula. In the UN arena, the South Korean authorities are provoking us the fellow countrymen, vilifying and slandering us with the fictitious human rights issue of someone, further aggravating the situation on the Korean Peninsula.

The commotions staged by the South Korean authorities are aimed, in the main, at deceiving world opinion and hiding their crime of turning South Korea into the worst human rights-trampling area in the world. For example, it is in South Korea where they flew helicopters and spilled poisonous material over the heads of the people who gathered at the meeting site for the pannational rally for reunification. They then cited the National Security Law to justify this action.

As such, it is truly ridiculous for the South Korean authorities to refer to someone else's human rights situation. No matter how the South Korean authorities run wild to tarnish the dignified image of the DPRK, they will not be able to block the way of our people, who are vigorously advancing along the road of socialism, wholeheartedly united around the great leader Comrade Kim Chong-il.

British Communists Support Korean 'Just Cause'

SK0812093295 Pyongyang KCNA in English 0859 GMT 8 Dec 95

[All British names are as received]

[FBIS Transcribed Text] Pyongyang, December 8 (KCNA) — The 10th congress of the New Communist Party of Great Britain recently held in London expressed support for the Korean people's just cause.

General Secretary of the Central Committee of the Party Eric Trevett, addressing the congress, noted that the socialist construction in Korea gives a great encouragement to all the communists and Korean socialism is a brilliant future of the progressive humankind.

Chief of the British Group for the Study of the Chuche Idea Dermot Hudson in his speech said that the great leader Comrade Kim Il-song created the immortal chuche idea and supreme leader of Korea Comrade Kim Chong-il is wisely guiding the socialist movement of the world.

Representative to the congress of the party Archi Jarvis took the floor to note that it is duties of the communists to defend Korean socialism and support the Korea's cause of socialism.

A resolution adopted at the congress expressed support for the righteous struggle of the Korean people, saying that people's Korea is waging a resolute struggle against the United States and making advance.

Kim Pyong-sik Attends KSDP-SDPS Meeting

SK0812040795 Pyongyang KCNA in English 0327 GMT 8 Dec 95

[FBIS Transcribed Text] Pyongyang, December 8 (KCNA) — Talks between the delegations of the Korean Social Democratic Party [KSDP] and the Social Democratic Party of Switzerland [SDPS] were held on Dec. 4.

Present at the talks on the KSDP side were the members of the delegation led by Kim Pyong-sik, chairman of the Central Committee of the KSDP, on a visit to Switzerland and on the opposite side were the members of the delegation of the SDPS — Andre Daguet, general secretary of the party, and Haidi Deneys [spelling of names as received], secretary responsible for international relations.

The talks proceeded in a friendly atmosphere.

Hwang Chang-yop-Led Delegation Returns 7 Dec

SK0712120095 Pyongyang KCNA in English
1115 GMT 7 Dec 95

[FBIS Transcribed Text] Pyongyang, December 7 (KCNA) — The delegation of the Workers' Party of Korea [WPK] led by Secretary of the WPK Central Committee Hwang Chang-yop today returned home after visiting Western European countries.

Pakistan Premier Receives Writers Delegation

SK0512222095 Pyongyang Korean Central Broadcasting Network in Korean
1300 GMT 3 Dec 95

[FBIS Translated Text] On 30 November, Pakistani Prime Minister Benazir Bhutto received a DPRK writers delegation led by Kim Po- haeng, vice chairman of the Korean Writers Union Central Committee, which participated in the international meeting of writers and intellectuals being held in Pakistan.

During the meeting, the head of the delegation conveyed the great leader [yongdoja] Comrade Kim Chong-il's greetings to Pakistani Prime Minister Benazir Bhutto. The prime minister expressed deep gratitude, and asked the head of the delegation to convey her sincere greetings of long life to the great leader [yongdoja] Comrade Kim Chong-il.

The prime minister said she hopes there will be greater progress in socialist construction by the Korean people.

Present at the meeting were the chairman of the Pakistani Writers and Historians Union, and the DPRK ambassador to Pakistan.

WPK Delegates Return From Syria, Libya, Yemen

SK0512222295 Pyongyang Korean Central Broadcasting Network in Korean
1300 GMT 3 Dec 95

[FBIS Translated Text] The Workers Party of Korea [WPK] delegation led by Won Tong-ku, member of the WPK Central Committee and director of a department of the party Central Committee, returned home on 3 December by train after visiting Syria, Libya, and Yemen.

Choe Chin-su, vice director of a department of the WPK Central Committee, and (Anwar Alpabe), the Syrian Arab Republic's charge d'affaires ad interim to the DPRK, were on hand at Pyongyang Station to welcome the delegation.

Yemen Politician: Kim Il-song 'Alive Forever'

SK0612124595 Pyongyang KCNA in English
0942 GMT 6 Dec 95

["'His Excellency President Kim Il-song Is Alive Forever Among People'" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 6 (KCNA) — The deputy general secretary of the General People's Congress of Yemen, Yahiya Mohammed al-Mutawekil, [name as received] was interviewed by the KCNA.

"What has most deeply impressed me during my Korea visit is that pictures of His Excellency President Kim Il-song, who remains forever in the hearts of the people, are found everywhere I went, and, in particular, all the people are missing him," he said, adding:

"His Excellency President Kim Il-song registered great exploits by wisely leading the Korean people and left the most splendid fortune for them.

"He is alive forever in the hearts of the peace-loving people of the world.

"We saw the film recording the celebrations of the 50th anniversary of the founding of the Workers' Party of Korea.

"What convinced us when we saw the film is that His Excellency The President is alive forever among the people. Particularly, we sensed it seeing the scenes that all people are shouting hurrah from the bottom of their hearts, missing His Excellency President Kim Il- song and ardently revering their leader His Excellency Kim Chong-il.

"His Excellency President Kim Il-song was a great man, who had devoted his all for the country's freedom and independence and the people's happiness," he said.

"Today the Korean people are dynamically advancing towards a new victory under the wise leadership of His Excellency the Great Kim Chong-il, along the road indicated by His Excellency President Kim Il-song," he stressed.

Guyanese Group Sends Certificate for Kim Chong-il

SK0812060195 Pyongyang KCNA in English 0412 GMT 8 Dec 95

[FBIS Transcribed Text] Pyongyang, December 8 (KCNA) — The great leader Comrade Kim Chong-il was presented with a certificate of the honorary leader of the Amerindian Action Movement of Guyana and a gift.

The organisation at its meeting on March 27 decided with unanimous approval to acclaim Comrade Kim Chong-il as its honorary leader on the occasion of the 50th anniversary of the Workers' Party of Korea. And it held a ceremony for conveying the certificate of the honorary leader and a gift to him in Georgetown on October 9.

Addressing the ceremony, Peter Persaud, leader of the Amerindian Action Movement of Guyana, said that he was much pleased to decide to acclaim Comrade Kim Chong-il as the honorary leader in high appreciation of the undying feats he performed for Korea's reunification, the accomplishment of the chuche cause in Korea and the cause of world peace and independence of humankind and present a certificate of the honorary leader to him. It is their joy and happiness to highly praise and follow Comrade Kim Chong-il, he said.

The certificate and gift to Comrade Kim Chong-il were handed to the Korean Ambassador to Guyana.

The cover of the certificate is deep green, a color symbolic of Amerindian tribe. Written on it are letters "certificate of honorary leader" in golden frame.

Written on the front page are golden letters "Comrade Kim Chong- il, great leader of the Korean people and the cause of independence of the world" against the background of "Umana Yana," a house where Amerindians live.

Inscribed on the second page are letters against the background of a bow and arrow symbolic of the movement reading:

"We the executive and members of the Amerindian Action Movement of Guyana hereby humbly present the certificate of honorary leader of the Amerindian Action Movement of Guyana to His Excellency Comrade Kim Chong-il who makes shining immortal exploits in the work for the progress of mankind and national independence under the banner of the chuche idea.

[Signed] The Amerindian Action Movement of Guyana

Leader Peter Persaud
[Dated] Georgetown, October 10, 1995."

Overseas Pomminnyon Delegates Meet Counterparts

SK0512040095 Pyongyang KCNA in English 0321 GMT 5 Dec 95

[FBIS Transcribed Text] Pyongyang, December 5 (KCNA) — Yim Chang-yong, chairman of the Overseas Headquarters of the National Alliance for the Country's Reunification (Pomminnyon), and his party called at the North Side Headquarters of Pomminnyon on Monday [4 December].

The visitors were warmly greeted by Paek In-chun, chairman of the North Side Headquarters of Pomminnyon, and staffers of the headquarters.

The visitors were shown round the headquarters and had talks with presidium members and secretariat members of the North Side Headquarters of Pomminnyon.

Overseas Compatriots Pay Homage to Kim Il-song

SK0812053895 Pyongyang KCNA in English 0414 GMT 8 Dec 95

[FBIS Transcribed Text] Pyongyang, December 8 (KCNA) — Korean people from all walks of life, overseas compatriots and foreigners visited Kumsusan Memorial Palace, supreme holy palace of chuche, to pay homage to the great leader President Kim Il-song on Dec. 7, 17 months after his death and 5 months after the great leader Comrade Kim Chong-il solemnly declared at home and abroad the opening of Kumsusan Memorial Palace by cutting off a red cloth.

Party officials of different factories and enterprises, chairmen of provincial, city, county and factory trade unions and model union officials of primary organisations participating in a national meeting commemorating the 50th founding anniversary of the General Federation of Trade Unions of Korea, and overseas compatriots and foreigners made deep bows in humble reverence to the fatherly leader President Kim Il-song who is preserved in state.

Kim Chong-il Thanks Units, Workers, Students

SK0412043795 Pyongyang KCNA in English 0244 GMT 4 Dec 95

[FBIS Transcribed Text] Pyongyang, December 4 (KCNA) — The great leader Comrade Kim Chong-il sent thanks to the Sahyon cooperative farm in Kumya County, South Hamgyong Province, for their increased production of cocoons.

Comrade Kim Chong-il sent thanks to officials and employees of the 4th food transport mobile unit of the Ministry of Food Administration, students of Pyongyang

Moranbong Senior Middle School No. 1 and other officials, working people and students for their sincere assistance to Army servicemen who have taken part in socialist construction.

He also sent thanks to agitators of the Yonnyu cooperative farm in Pukchang County, South Pyongan Province, and in South Hwanghae Province, and an agitator of the Pyongyang Communications Devices Factory An Sung-ul, who set examples in political propaganda and agitation work, while personally carrying out their revolutionary tasks.

Thanks Publication Officials

SK0812034595 Pyongyang KCNA in English 0316 GMT 8 Dec 95

["Comrade Kim Chong-il Thanks Officials and Units" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 8 (KCNA) — The great leader Comrade Kim Chong-il thanked officials and employees of the Central Publications Distribution Office for their great achievements in distributing the party's publications.

Comrade Kim Chong-il also sent thanks to 98 discharged soldiers for volunteering to work on the state-run Yoltusamchon Farm and the state-run Kwangchon Farm and setting examples in agricultural production and to officials and constructors in Sukchon County, South Pyongan Province for having built their dwelling houses, to officials and constructors for contributing to building up Pyongji- ri, Maengsan County, South Pyongan Province and to officials, workers and technicians for having built a modern printing house in South Pyongan Province.

KPA To 'Uphold' Kim Chong-il's Leadership

SK0812094895 Pyongyang KCNA in English 0936 GMT 8 Dec 95

["Leadership of Respected Supreme Commander, Basic Source of All Victory of KPA" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 8 (KCNA) — Senior Colonel of the Korean People's Army [KPA] Han Po in an article contributed to NODONG SINMUN today says that the Korean People's Army will in the future, too, uphold the leadership of respected Supreme Commander Comrade Kim Chong-il to the last with loyalty and, on this sacred road, accomplish the cause of national reunification and the revolutionary cause of chuche without fail.

The author of the article says:

Today, our People's Army is entering the greatest heyday of its development as it has its supreme commander in the person of respected Comrade Kim Chong-il, a peerlessly brilliant commander. His is an invincible leadership under which we can defeat any formidable enemy.

The combat capabilities of our People's Army are incomparably strong and the territory, waters and airspace of the country are impregnable because it is equipped with all sorts of powerful offensive and defensive means and all the soldiers are firmly prepared to be a-match-for-a-hundred fighters and the chuche-based commanding system and revolutionary military traits have been fully established in the whole Army.

The wise leadership of respected Comrade Kim Chong-il in strengthening and developing the People's Army to be invincible revolutionary Armed Forces finds its expression, above all, in the fact that he sees to it that the fullest scope is given to the political and ideological might of the People's Army.

Respected Comrade Kim Chong-il set forth the program of modelling the whole Army on the chuche idea and wisely led the work of bringing about a new change in the party political education to arm all the officers and men of the People's Army firmly with the revolutionary idea of our party, the chuche idea.

It is under the wise leadership of the party that the whole Army is permeated with one idea, the great chuche idea, and that all the soldiers have firmly prepared themselves to be true revolutionaries who resolutely safeguard the party and the leader at the cost of their lives with the steadfast revolutionary outlook on the leader.

The wise leadership of respected Comrade Kim Chong-il in strengthening and developing the People's Army into revolutionary Armed Forces each of which is a match for a hundred foes also finds its expression in the fact that he has constantly enhanced its military and technical might.

Considering a military training to be a basic way for its military and technical preparations, respected Comrade Kim Chong-il has energetically led the soldiers of the People's Army to strengthen their military training still further. In particular, he made sure that military training was effectively carried out like a real war, laying main emphasis on the work of arming all the soldiers firmly with the chuche-based military idea and war methods of our party and make them master their weapons and combat and technical means and have a deep knowledge of the update military science and techniques.

The wise leadership of respected Supreme Commander Comrade Kim Chong-il is fully demonstrated in the fact that the traditional traits of the army-people unity are being fully displayed.

Under the leadership of the great brilliant commander, the relations of kinship between the people and the People's Army have been consolidated as firm as a rock and the militant morale and might of the People's Army is surging higher with the passage of time.

Pak Song-chol Meets Overseas Korean Group

SK0512125195 Pyongyang KCNA in English 0944 GMT 5 Dec 95

[FBIS Transcribed Text] Pyongyang, December 5 (KCNA) — Vice- President Pak Song-chol met and talked in an atmosphere of compatriotic feelings with Yim Chang-yong, chairman of the Overseas Headquarters of the National Alliance for the Country's Reunification, and his party at the Mansudae Assembly Hall today.

Danish Ambassador Meets With Vice President Pak

SK0712121295 Pyongyang KCNA in English 1029 GMT 7 Dec 95

[FBIS Transcribed Text] Pyongyang, December 7 (KCNA) — New Danish Ambassador E.P. [extraordinary and plenipotentiary] to Korea Christopher Bo Bramsen [name as received] today presented his credentials to Pak Song-chol, vice-president of the Democratic People's Republic of Korea, at the Mansudae Assembly Hall.

Pak Song-chol had a talk with the ambassador after receiving the credentials.

Kim Yong-nam Meets New Danish Ambassador

SK0612135695 Pyongyang KCNA in English 1000 GMT 6 Dec 95

[FBIS Transcribed Text] Pyongyang, December 6 (KCNA) — Vice-Premier and Foreign Minister Kim Yong-nam today met and conversed with new Danish Ambassador to Korea Christopher Bo Bramsen when the latter paid a courtesy call on him.

Daily on Role of Intellectuals in Workers Party

SK0712102595 Pyongyang KCNA in English 0828 GMT 7 Dec 95

["Immortal Banner Which Inspired Intellectuals To Building of New Korea" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 7 (KCNA) — The great leader Comrade Kim Chong-il has called our intellectuals an eternal companion, faithful helper and good advisor of our party. Cherishing this deep trust, the Korean intellectuals should become rifles and bombs to safeguard him with their lives. This is the way of implementing the behest of the fatherly leader Comrade Kim Il-song, who showed deep trust and love for the intellectuals in his lifetime, and of fully discharging their historical mission and duty as intellectuals in the Workers' Party Korea.

Prof. and Dr. Kim Chol stresses this in his article contributed to NODONG SINMUN today.

The paper carries this article 50 years since the great leader President Kim Il-song published the work "Students Should Actively Help in Building a Democratic Country" at a grand lecture meeting of the young students from middle schools and schools of higher levels in Pyongyang on December 7, 1945.

In the work President Kim Il-song defined it as a fundamental issue in building a new country to unite the workers, peasants and intellectuals, the major forces of society. And he indicated the position and role of the intellectuals in building a new democratic Korea and comprehensively expounded the major tasks facing the young intellectuals and the way for their materialization.

The ideas and theories laid down in the work have been creditably applied in the practice of the Korean revolution over the past 50 years, displaying great vitality, the article notes, and goes on:

Today our intellectuals and young students are devoting all their efforts and wisdom to the honorable cause of prosperity and development of their country, their motherland, remaining loyal to the idea and leadership of respected General Kim Chong-il, true to the behest of the great leader Comrade Kim Il-song.

The ideas and theories set forth in the work still serve as a militant banner, the bright beacon showing the road ahead of the Korean revolution.

Trade Unions Federation Holds National Symposium

SK0712095895 Pyongyang KCNA in English 0821 GMT 7 Dec 95

[FBIS Transcribed Text] Pyongyang, December 7 (KCNA) — A national symposium was held here on Wednesday to commemorate the 50th anniversary of the foundation of the General Federation of Trade Unions of Korea (GFTUK).

The speakers explained that the great leader Comrade Kim Il-song built the trade unions as revolutionary mass organisations of the working class in the era of independence by applying the immortal chuche idea.

The great leader put forward the chuche-based unique idea and theory of building the trade unions and, on this basis, built them as mass political organisations of the working class unfailingly loyal to the leadership of the party, the speakers said, adding:

"He made the trade unions organisations of ideological education and wisely led them to conduct good ideological education among trade unionists, so that they could discharge their mission and duty successfully.

"The great leader Comrade Kim Chong-il gave unique and perfect answers to all the theoretical and practical problems arising in building the trade unions as mass political organisations of the leader on the basis of the chuche idea, and made them revolutionary, militant organisations which make a true contribution to accomplishing the cause of the leader.

Yi Chong-ok Addresses Meeting Honoring GFTUK

SK0812055195 Pyongyang KCNA in English 0426 GMT 8 Dec 95

[FBIS Transcribed Text] Pyongyang, December 8 (KCNA) — A national meeting was held at the People's Palace of Culture on December 7 to commemorate the 50th anniversary of the General Federation of Trade Unions of Korea [GFTUK].

The great leader President Kim Il-song established the shining traditions in the struggle to build a mass revolutionary organisation of the working class in the period of the anti-Japanese revolutionary struggle. He, basing himself on them, founded the General Federation of Trade Unions of Korea on November 30, 1945, and wisely guided it to discharge with credit its mission and duty befitting an organisation for ideological education among its members and an active helper to the party.

A congratulatory message of the Central Committee of the Workers' Party of Korea was read by Yi Chong-ok, Politburo member of the WPK Central Committee and vice-president, at the meeting.

In the message the WPK Central Committee said that over the past 50 years the GFTUK has built up the trade unions organisationally and ideologically in hearty response to the party's policy of trade union building and made tremendous efforts to encourage trade union members to implement the party's policies and successfully discharged its honorable mission and duty as a reliable helper and defender of the WPK. The message expressed the firm belief that all the trade union members and officials will carry out their tasks with credit in the struggle for the accomplishment of the revolutionary cause of chuche in singlehearted unity around the great leader Comrade Kim Chong-il under the uplifted red flag of the revolution and creditably live up to the trust and expectations of the party.

Chu Song-il, chairman of the Central Committee of the GFTUK, delivered a report there.

He said the foundation of the GFTUK was a shining fruition of President Kim Il-song's idea of building revolutionary mass organisations of the working class, an event of great significance in the strengthening and development of the WPK and the socio- political life of the working masses.

The organisation, founded by President Kim Il-song, has reached a new higher stage under the energetic guidance of the great general Kim Chong-il, he said.

He went on to say that the great general gave a clear exposition of the duty, action principle and tasks of the organisation in conformity with the requirements of the revolution when the modelling of the whole society on the chuche idea has been highly important. And he gave flawless answers to all theoretical and practical questions arising in the building of the organisation, he said, and continued:

It is the supreme principle of activities of trade unions to be loyal to the idea and guidance of Comrade Kim Chong-il; it is vital for the building of trade unions. All the trade unions should be imbued with the idea of the WPK and move as one under the leadership of the party.

The meeting was attended by chairmen of the trade unions in provinces, cities, counties, factories and enterprises and model officials of primary trade unions.

Meeting Marks Chemical Industry Day Anniversary

SK0612034095 Pyongyang KCNA in English 0305 GMT 6 Dec 95

[FBIS Transcribed Text] Pyongyang, December 6 (KCNA) — A national meeting to mark the 50th anniversary of the day of the chemical industry was held here on Tuesday [5 December].

The great leader President Kim Il-song visited the then Hungnam Fertilizer Factory in South Hamgyong Province on December 6, 1945, right after the country's liberation. The day is observed as the day of the chemical industry in Korea. From the day to the last moments of his life spanning nearly half a century, he incessantly called at chemical factories and enterprises and gave them highly important teachings on 11,700 occasions, clearly showing the road to strengthen and develop the chemical industry.

At the meeting a report was made by Han Song-yong, Politburo member and secretary of the Workers' Party of Korea Central Committee.

He said:

"The fatherly leader President Kim Il-song indicated how the chemical industry should develop in each period and at every stage of the developing revolution and wisely led the efforts for developing it.

"Our chemical industry has grown into a comprehensively- developed, chuche-oriented, modern industry."

The reporter elaborated on the chemical industry which has further strengthened and developed under the guidance of the great leader Comrade Kim Chong-il, who has steadily developed and enriched the fatherly leader's idea on building the chuche-oriented chemical industry and led the struggle for implementing it to a shining victory.

Noting that respected Comrade Kim Chong-il, while giving on-the- spot guidances to the nation's major chemical factories, has led the efforts for adequately catering to the daily increasing demand of the national economy for the chemical products, he attributed the development of the chemical industry as a creditable industry to the wise guidance and deep care taken by President Kim Il-song and Comrade Kim Chong-il.

South Korea

Arrested DPRK Armed Agent's Testimony Noted

SK0812040195 Seoul YONHAP in English
0242 GMT 8 Dec 95

[FBIS Transcribed Text] Seoul, Dec. 8 (YONHAP) — North Korean armed agent Kim Tong-sik, who was arrested in October at Puyo, South Chungchong Province, sneaked into South Korea five years ago and went back to the North together with two North Korean spies active here, the Agency for National Security Planning (NSP) announced Friday.

Kim, 33, was caught alive after getting wounded in a shootout with the local police near Puyo. He was first sent here in May 1990 and went back to the North with two North Korean spies, one of whom was Yi Son-sil, a big shot in North Korea secretly engaged in espionage activities in South Korea as the chief of the "central region chapter of the South Korean Labor Party," according to the NSP remarks.

The other agent he took to the North was identified as Hwang In- o, 39, a sleeper agent in the South, the agency said.

In his second attempt in the South, Kim aimed to allure seven South Korean dissident activists including Ho In-hoi, who is currently a member of the opposition National Congress for New Politics Executive Council.

Kim Tong-sik was recruited as a so-called "new-generation agent" in July 1980, at the age of 18. His recruitment was made under a 1975 directive of Kim Chong-il, then (North) Korean Workers' Party secretary for operations against the South, which called for the training and dispatching to South Korea as espionage agents the children of dead revolutionaries.

Having served as a spy to the South under the jurisdiction of the Public Security Ministry for 15 years, investigators said, Kim became a leading espionage agent.

When he first infiltrated South Korea via Cheju Island in May 1990, Kim contacted Yi Son-sil, who ranked 19th in Pyongyang's power hierarchy, and conducted espionage activites for five months while living with her.

Accompanied by Yi and Hwang, Kim returned to the North on Oct. 17, 1990, through the coast of Kanghwa Island. In recognition of his meritorious service, Kim was given a national medal and a hero's certificate, the agency said.

Upon returning to Pyongyang, Yi Son-sil was accorded a hero's welcome by North Korean authorities in recognition of her successful organization of underground party cells through contacts with 30-odd South Koreans in political, financial, academic and cultural circles, according to the NSP [Agency for National Security Planning].

The late North Korean President Kim Il-song invited her to his retreat villa and presented her a medal, gold watch, hero's medal and hero's certificate, while his son Kim Chong-il bestowed upon her a Mercedes-Benz passenger car.

Leaving Nampo Port Aug. 29 aboard an spy boat camouflaged as a fishing vessel, Kim Tong-sik, together with his colleague Pak Kwang- nam (alias, 31, who was killed later), arrived in Onpyong-ri village, Cheju Island Sept. 2, his second infiltration into the South.

The missions he carried with him included guidance and inspection of spies actively operating in the South, provision of equipment to them, escorting back to the North agents dispatched to the South 15 years ago, and organization of underground cells by accommodating dissidents of South Korea.

It was uncovered later that Kim Tong-sik identified himself as "a party liaison man coming from the North" when making contact with the seven dissidents. Among them were Ho In-hoe, 31, executive council member of the major opposition National Congress for New Politics, Yi In-yong, 31, fraternity club chairman of the National Federation of Student Councils, Ham Un-kyong, 31, organization chief of the National Conference, and U Sang-ho, 33, chief of the Youth Information and Culture Center.

The rest were Hwang Kang-su, 37, member of the Masses Party, Chong Tong-yong, 52, chairman, Kwangju Federation of Youth Organizations, and Ko Un-tae, 62, poet, with all of them having reported their contacts with Kim to relevant authorities.

Bringing operational funds worth 56 million won including 65,000 dollars in American notes, Kim audaciously purchased such espionage equipment as medium-wave radios, cameras and watches at the Lotte Department Store, Namdaemun Market and elsewhere.

In the wake of the collapse of the Sampung Department Store in Seoul, he disguised himself as a bereaved family member of a victim. While operating as an agent, he carried with him four residential identity cards of living persons.

The probe into Kim's espionage activities in the South, including those who he contacted in 1990 together with Yi Son-sil, will continue, the NSP disclosed.

DPRK Infiltrator Holds News Conference 8 Dec

SK0812120095 Seoul KBS-1 Television Network in Korean 0150 GMT 8 Dec 95

[News conference by Kim Tong-sik, a DPRK "armed agent" captured by the ROK on 24 October in Puyo, South Chungchong Province, with ROK reporters at the Agency for National Security Planning auditorium in Seoul—live]

[FBIS Translated Excerpt] [Announcer] The captured agent Kim Tong-sik has now seated himself. The news conference will begin.

[KBS reporter An Yong-hwan] Before we reporters ask you specific questions, please tell us, Mr. Kim Tong-sik—though we hear Kim Tong-sik is not your real name—please give us a brief personal background of your life in North Korea before you were dispatched to the South.

[Kim Tong-sik] I was born in Namchang-ri, Yonghyon County, South Hwanghae Province on 28 September 1962. I finished a four-year elementary school program and a five-year middle school program there. I was summoned to become an agent for the Liaison Department [yollakpu] and after receiving training as an agent for 15 years there, I infiltrated into Cheju Island on 3 September this year. While I was carrying out my mission, I was arrested while exchanging fire near Chonggak Temple on 24 October.

[Yonhap TV News reporter Choe Che-min] You disclosed your meeting with Mr. Ho In-hoe [former student activist and now a member of the opposition National Congress for New Politics] twice. What specific conversation did you have with him?

[Kim] I met Mr. Ho In-hoe on 16 and 20 September at Tangsan Park and a restaurant near there. We conversed on various matters over dinner. When I met him, I told him that I was a party liaison man [yollagwon] who came from the North. When I told him that at Tangsan Park, he appeared as though he sympathized with me. Therefore, without talking any further there, I proposed that the two of have dinner together. Then we went to a Yongpo restaurant near the electronic appliances distribution center, and had a meal with two bottles of strong soju. We talked about Down-With- Imperialism Union [DIU], which President Kim Il-song organized on 17 October 1926, and the Fatherland Restoration Society. When we were parting later, I asked him for an address to contact him. He wrote down his pager number on his calling card and taught me how to call a pager number. That was 16 September. After calling him at the pager number, I met him at a Tangsan coffee house in a basement on 20 September and conversed with him for some 20 minutes.

[Unidentified reporter] You said you identified yourself as an agent of the Liaison Department. What was the reaction of Mr. Ho In-hoe to it?

[Kim] When I told Mr. Ho In-hoe that I was a party liaison man from the North, he was not surprised, and instead appeared to accept the situation. He did not appear alarmed or puzzled because I told him various things so that he would be at ease, and even said that he would probably not believe who I was even if I were to tell him.

[MBC reporter Kim Sok-chin] You told us that when you contacted dissident figures, you employed a considerably bold approach. A common tactic of North Korean agents in the past was to disguise or hide their identity in contacting South Korean figures. How could you employ such a bold approach? Was there any change in the North Korean method of training agents?

[Kim] When I approached dissident figures in this country, I boldly disclosed my identity to them and asked them to join the movement to bring forth change and reunification. But this was not the only tactic I employed this time. When I first infiltrated the South in 1990, I met Hwang In-ho and Son Chong-son. Although I did not do it directly myself, in trying to win them over, Yi Son-sil and Kwon Chung-hyon, who were carrying out the mission with me, approached South

Korean figures by employing a similar method and succeeded in winning them over.

In view of their personal history and their ideological inclination, we were at least confident that even if we disclosed our identity, we would not be reported to the authorities. So we approached them with this method again, to win them over.

[SBS reporter Ho In-ku] We are curious to know what guidelines North Korea uses for selecting figures to win over. Unlike those you targeted in your first infiltration, those you won over in your second infiltration are rather well-known figures in dissident circles. Did you receive instructions on them in the North before you came to the South, or did you contact them based on your own judgment while carrying out your mission in the South? How did you come up with a method of approach and how did you manage to contact them? Did they readily respond to your approach and meet you?

[Kim] As for the selection process of figures we approached to win over, we selected them in the North by reading magazines and newspapers published in the South. The South Korean publications we read were MAL, KIL, and HANGYORE SINMUN. We also read the data on dissidents in the materials published in the North. We selected them partly on our own, and offering the list of proposals to our department, namely, the Social-Cultural Department, we obtained final approval from the Department. Therefore, the list of dissident figures for us to contact was decided in the North before our infiltration.

As for the process of my meeting them in the South, because I did not have specific knowledge about them, such as where they worked, the location of their office, etc., in most cases, I called to find the location of their office. I found their telephone numbers in the back cover of such publications as MAL and KIL, and telephoning the editorial department or sales department, I could find out the telephone numbers of the dissident organizations. Telephoning these organizations, I was able to contact the figures I wanted to meet, and asked them to meet me. When they agreed, I met with them.

In proposing to meet, I would make up an appropriate excuse based on the different work and different characteristics of each contact. In the case of Mr. Ho In-hoe, for instance, because Mr. Ho In-hoe ran an electronic appliances store, I said that I was Pak Kwang-son and that I ran an electronic appliances store. [passage omitted]

[KBS reporter Kim Yong-tok] I am Kim Yong-tok, a reporter with KBS. How did you hide yourself for approximately two months after you infiltrated into South Korea? Also, when you were arrested, you possessed a lot of equipment, including firearms. We you not afraid of being questioned and frisked by police? How did you deal with this? Please fill us in.

[Kim Tong-sik] Let me first tell you about where we hid in the South. First, we stayed about a month at the Chamjaeri [name as heard] Inn in Songnam, and before we were arrested, we were staying at the Hanil Inn in Yuchon-tong in Chunggu, Taejon. While conducting our activities, we temporarily used motels and inns for lodging. Of course, I was questioned and frisked when I traveled in cities. At that time, I did not carry a lot of equipment, so I had no trouble. However, I was worried about it.

Arriving in Mokpo from Cheju Island, we were asked to show our identification card. We were also suddenly questioned and frisked at Chongyangri railway station. And we were checked while staying at inns. Whenever we were questioned and frisked by the police, we showed them our identification cards. We had no trouble then, because we had fake cards that gave details of identification cards of residents in the areas.

[CHUNGANG ILBO reporter Pyo Chae-yong] I am Pyo Chae-yong, a reporter with CHUNGANG ILBO. I have several questions for you. In your opinion, how many spies, including resident spies, are operating in South Korea? Please reveal as much as you know. Also, how many persons are being educated in North Korea for dispatch to South Korea as spies? You mentioned that one of your missions was to assassinate very important persons. Do you have a list of which very important persons to assassinate, and is such a list being made in North Korea? Did you bring such a list with you when you came to the South? In addition, when you were arrested, you stated that you wanted to take a resident spy from Chonggak temple to the North. Could you specifically tell us what kind of resident spy?

[Kim Tong-sik] I will tell you. You asked me to talk about targets, who are now operating in South Korea after being won over by the North. Regarding this, I already told you what I know. If there are more objects in the South, I do not know enough about them because it was none of my concern. Regarding the question of how many people are being educated in the North to become spies, as far as I know, approximately 30, 40, or 50 persons who belong to the number six section which I belonged to are believed to be undergoing training. I do not know the exact number for people belonging to other sections.

Regarding the identity of a spy from the North, who visits Chonggak temple time to time, I know him from a photograph. According to the photo, he looks like he is in his fifties. Of course, because the instructions I received were being given to a spy, I do not know about his identity. [passage omitted]

[WOLGAN CHOSON reporter Yi Tong-uk] You said that you met seven dissidents in the South. Were you both carrying pistols when you met them? As we have discovered, you were carrying pistols when you went to the Chonggak Temple to meet with resident agents. When you came to the South in 1990, you were a team member. Now you were promoted to a team leader. The ROK media and people are very interested in the 18 May democratization uprising. North Korea's NODONG SINMUN also showed great interest in the incident. Why did you not visit Kwangju but worked in other areas?

[Kim Tong-sik] When we contacted the dissidents, I, as well as others, never carried pistols. We only had pistols when we went to the Chonggak Temple. As to the Kwangju issue, it is true that we place emphasis on the Kwangju issue. Our assignment was not to work in Kwangju, so we had no reason to work in Kwangju. We went to Kwangju to meet with Chong Tong-yun and Han Kwang-ho because they lived there. Aside from that, we did not need to go to Kwangju.

[CHOSON ILBO reporter Kim Yon-kwang] You stayed in our society for almost a year, but you said you did not have a chance to compare the South with the North. We in the South believe that the contention for supremacy between the South and the North in connection with their systems is over. North Korea keeps sending agents like you, Mr. Kim. The ultimate goal appears to be to withdraw U.S. Forces, arouse internal disorder, and reunify the country by communization. The North Korean regime is in a serious crisis. In your personal opinion, do you believe North Korea's reunification strategy will work?

[Kim Tong-sik] When I came to the South for the first and second time, I thought that reunification through communization was impossible. National strength is economic strength. In view of North Korea's economic difficulty, reunification through communization is impossible. [passage omitted]

[SBS reporter Yi Chong-un] You came to the South on 29 August. I understand that at that time, North Korea was seriously hit by floods. Please tell us about the flood damage you witnessed, the energy shortage in North Korea, and whether the North Korean people trust the Kim Chong-il regime.

[Kim Tong-sik] Before I was sent to the South, it rained heavily in August. However, I do not know about the flood damage. In August, we were very busy preparing ourselves for the infiltration. We heard that the Supung Dam for the Supung Power Plant in the Amnok River was filled to the limit for the first time since liberation. It rained that much. We also heard that the railway in Pongsan in North Hwanghae Province was blocked. I do not have further details.

As to the energy shortage, I do not have all the economic data, but energy is a serious problem. In reality, many automobiles are run by charcoal because there is not enough gasoline.

As to the question how do the North Koreans think about the Kim Chong-il regime, I was one who wanted to be loyal to Kim Chong-il to the end. So I did not care much about what other people thought. The guest house where I was trained is a tightly sealed area. In general, I believe people are loyal to the Kim Chong-il regime as they were to the previous regime when President Kim Il-song was alive. [passage omitted]

[SBS reporter Ho In-ku] I have a question about the organization you belonged to. I understand that the strategy on South Korea was usually developed by the People's Armed Forces Ministry. What is the role of the Social Cultural Department? You said that the Sixth Section controls resident agents, please elaborate on the section's function and role.

[Kim Tong-sik] As regards North Korea's operation on South Korea, as far as I know, there are four departments under the party Central Committee, and there is the Reconnaissance Department under the People's Armed Forces Ministry. The four departments under the party Central Committee are the Social-Cultural Department, to which I belonged, the External Intelligence Research Department, the Reunification Front Department, and the Operations Department. I do not know about other departments because I received compartmented training. The basic mission of the Social Department is to establish an underground party organization in South Korea, and through the organization, arouse social disturbance, and wage an all-out struggle, popular riot, or armed uprising at a decisive time. Unlike other sections, the Sixth Section, to which I belonged to, engages in direct illegal infiltrations into South Korea, and in winning South Korean figures over to the North side.

N-S Dialogue Difficult 'for the Time Being'

SK0812061395 Seoul YONHAP in English
0544 GMT 8 Dec 95

[FBIS Transcribed Text] Seoul, Dec. 8 (YONHAP) — Deputy Prime Minister and National Unification Minister Na Ung-pae Friday forecast dim prospects for the immediate progress of inter-Korean relations due to Pyongyang's adherence to its strategy of excluding Seoul.

"Inter-Korean dialogue between the relevant authorities of both sides seems difficult for the time being because North Korea stubbornly clings to its strategy of excluding South Korea," Na told reporters at his office, "accordingly, we can hardly expect a progress of inter-Korean relations unless there is a change from North Korea."

He also predicted that North Korea's economic situation, particularly food shortages, will further worsen next year due to the heavy flood damage last summer.

"It is undesirable for Seoul to continue assistance to North Korea onesidedly under the rigid circumstances in which Pyongyang dispatched armed agents to South Korea and seceded dialogue with its southern neighbor," he emphasized.

Referring to the light-water nuclear reactor talks in New York, Na said that there has been much progress in working-level negotiation between North Korea and the Korean Peninsula Energy Development Organization (KEDO), indicating that the reactor supply contract will be concluded soon.

He said if the contract is struck, then inter-Korean economic cooperation may proceed more smoothly than now.

Commenting on the human rights issue of North Korea, he said Seoul will raise the issue through international organizations or during the course of inter-Korean dialogue.

North 'Demanded' ROK Make Investment Deposits

SK0812145595 Seoul SEOUL SINMUN in Korean 8 Dec 95 p 3

[Report by Ku Pon-yong]

[FBIS Translated Text] It was learned on 7 December that during negotiations with ROK enterprises engaged in promoting South-North economic cooperation, North Korea demanded that ROK enterprises deposit a considerable amount of money out of the estimated amount of their investment in North Korea.

Kim Chong-u, chairman of North Korea's Committee for Promotion of External Economic Cooperation, declared that "if ROK enterprises' investment in North Korea is frustrated due to the ROK Government's intervention, the North Korean authorities will take proportional countermeasures" at a news conference following an explanation meeting held in Beijing late September on investment in the Najin- Sonbong area. Since then, the North Korean has actually demanded that ROK enterprises deposit money.

"A Collection of Materials on Investment in North Korea," which was recently published by the Small and Medium Industry Bank with materials provided by the National Unification Board, writes: "North Korea assumes a double-faced position on South-North economic cooperation. That is, while recognizing the need of South-North economic cooperation, North Korea has doubts about it." It also writes: "North Korea has recently asked some ROK enterprises to deposit money prior to investing in North Korea."

Kang: Chon Received 'Large Bribe' From Northrop

SK0812020895 Seoul YONHAP in English 0157 GMT 8 Dec 95

[FBIS Transcribed Text] Seoul, Dec. 8 (YONHAP) — Former President Chon Tu-hwan received a large bribe while in office in connection with an attempted procurement of F-20 Tiger-Shark fighter planes in the mid-1980s, an opposition lawmaker claimed Friday.

Rep. Kang Chang-song of the Democratic Party (DP) said Chon accepted 6.25 million U.S. dollars from the American firm Northrop Corporation as South Korea was promoting the acquisition of F-20 planes in 1984-1985 as part of its next-generation fighter plane project.

"Chun received the money through the good offices of former Chief Presidential Security Officer Pak Chong-kyu," Kang said.

But the then chief executive did not return the sum to Northrop, according to Kang, despite cancellation of the planned purchase after an F-20 crashed near Suwon in October 1984 and another in Montreal, Canada, in May 1985 during demonstration flights.

In an attempt to get a refund, Rep. Kang said, Northrop took the case in 1986 to an international arbitration court, which ruled that the money in question was a bribe designed to sell F-20's in an unlawful manner.

Initially, Pak Chong-kyu, the chief presidential guard in the Pak Chong-hui government, deposited 3 million dollars out of the total into his account at a Singaporean bank and gave 1 million dollars to James Shin, who acted as a go-between Seoul and Northrop, Kang said.

"In the end, however, most of the money went into the pocket of Mr. Chon," he added.

Japanese Daily Cited on U.S. Watching Scandals

SK0812010695 Seoul YONHAP in English 0054 GMT 8 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 8 (YONHAP) — The United States is increasingly watchful of South Korea's political scandals in which former Presidents No Tae-u and Chon Tu-hwan have been arrested in succession, the newspaper NIHON KEIZAI SHIMBUN here reported from Washington Friday.

The daily noted that allegations of U.S. involvement in the Kwangju incident may reemerge in the escalating scandal to undermine its relations with Seoul, which in turn may render uncertain the future direction of the U.S.-North Korea nuclear agreement.

It said another question that may loom large depending on the ongoing probe is the issue of whether an American firm was involved in the raising of a huge slush fund by former President No.

Korean prosecutors are currently looking into the suspicion that No received a large amount of rebates from a U.S. aerospace manufacturer after he ordered the purchase of F-16 fighters instead of the F-18 models chosen by the Air Force.

The paper went on to say that the American Congress and people have yet to focus their attention on the Korean scandals, but a Washington official said, "The scandals may emerge as a source of headache that may make Korea-U.S. relations serious next spring."

If the issue of the U.S.'s alleged involvement in the 1980 Kwangju incident arouses controversy again with the arrest of Chon, it may serve to further fuel anti-American sentiments in South Korea, the report said.

The paper also noted a criticism in Korea that alleges that because operational control of South Korean forces was held by the commander of the United Nations forces in Korea at the time of the clampdown, the United States recognized the dispatch of Army troops to Kwangju.

Saying that North Korea has begun to be concerned about the progress of the nuclear agreement due to the current confusion in South Korea, the report observed that Seoul would further step up its hardline posture toward Pyongyang.

U.S. Provides Records on No So-yong's Deposit

SK0712230195 Seoul KYONGHYANG SINMUN in Korean 7 Dec 95 p 1

[By reporter Kwon Sok-chon]

[FBIS Translated Text] On 6 December, the U.S. Federal Prosecutors' Office sent to the ROK Embassy in the United States the file of its investigation and the court records regarding the illegal deposit of $200,000 by former President No Tae-u's daughter, No So-yong, and her husband. Accordingly, as soon as it receives the file from the embassy, the Central Investigation Department of the Supreme Public Prosecutors' Office (Senior Prosecutor An Kang- min) will examine them.

The prosecution is now able to answer the Swiss Government's request for "additional material necessary to determine whether former President No maintains secret bank accounts." It seems there will be rapid progress in investigating No's properties that are hidden overseas.

A high-level prosecution official said: "It is highly likely the U.S. file includes details of the case, such as the names of the banks involved, bank account numbers, and the names of account holders."

Reportage on No Tae-u Investigation Continues

Part of Fund at Hong Kong Firm

SK0812070295 Seoul YONHAP in English 0643 GMT 8 Dec 95

[FBIS Transcribed Text] Seoul, Dec. 8 (YONHAP) — Former President No Tae-u, now under indictment for accepting huge bribes, is known to have kept and managed a large part of his slush fund at Peregrine Securities Co. in Hong Kong.

No reportedly has tens of billions of won with the firm and the money he is storing with Peregrine is believed to be kickbacks that he allegedly received from foreign arms dealers.

Hong Kong Peregrine, a trading and financial firm set up in July 1990, established the joint-venture Dongbang Peregrine Securities Co. In 1992 with the Dongbang Corporation owned by Sin Myong-su, one of No's in-laws.

Some Korean officials associated with Hong Kong Peregrine said Friday that No visited the firm twice last summer, the first being in late 9 June immediately before former Government Administration Minister So Sok-chae's claim of a 400 billion-won slush fund owned by a former president.

The second time was in mid-August when the probe into the alleged existence of the fund was in full swing.

"During his first visit to Hong Kong for four days beginning June 26, Mr. No visited Hong Kong Peregrine, staying there for about three hours," one of the officials said, adding, "it is an open secret that No's fund is kept with Hong Kong Peregrine. "

During his visit to the British colony that carried no specific purpose, he spent two days golfing and one visiting a Korean school there, according to the official.

The second visit took place during No's vacation to Hawaii from Aug. 7 to 20.

"During the 13-day visit to Hawaii, Mr. No had been in Hong Kong for five days to visit Peregrine," the source said.

Rep. Yi Chol of the Democratic Party said he has been informed that No received a total of 200 billion won in commissions for reversing the Air Force's purchase of F-18 fighters in favor of F- 16s.

According to Yi's informant, only 28 billion won out of the total had been delivered to Chongwadae [presidential offices] with the remainder having been deposited at foreign banking institutions.

A financial official said that a special team was set up at Dongbang Peregrine Securities in early 1993 timed with No's stepping down upon expiration of his term. The team's exclusive duty was to handle the funds, in the amount of several billion won, which Dongbang Chairman Shin brought.

To substantiate the claim, the National Tax Administration, during its tax probe into Dongbang Corp. last year, came across traces of about 60 billion won in securities flowing in and out under numerous accounts opened under Sin's name.

Tax probers then could hardly believe it that Dongbang Corp., whose annual turnover is no more than about 290 billion won, could purchase 60 billion won in securities at the same time.

The prosecution suspects that a large rebate No allegedly received from General Dynamics Corp. of the United States for changing the government's fighter order from F-18s to F-16s was deposited into a Swiss bank and Hong Kong Peregrine, with part of the fund having flowed into Dongbang Peregrine in Seoul.

Court Approves Assets Preservation

SK0812084995 Seoul YONHAP in English 0817 GMT 8 Dec 95

[FBIS Transcribed Text] Seoul, Dec. 8 (YONHAP) — The Seoul District Court accepted Friday the prosecution's application to preserve all of former President No Tae-u's property so that it may be liquidated to forfeit the huge amount of bribes he received from businesses while in office.

The court decided in a resolution that the application is necessary to collect the 283.8 billion won in bribes that No has been confirmed to have received, mostly from large business tycoons.

Under the court ruling, No will lose all rights over his own assets and will become the first person ever to face the liquidation of his property according to the law on forfeiture of property for convicted public officials, which took effect from Jan. 5 of this year.

The District Court is presently in charge of the trial of the 18 accused of being involved in No's slush fund scandal.

The central investigation department of the Supreme Public Prosecutors' Office, having indicted No on bribery charges, applied last Tuesday for the court's approval of the immediate preservation of No's illegally accumulated property for future forfeiture.

The application is a legal procedure that prevents any public officials from exercising any rights on property that they illegally collected while in office, even before their sentences have been confirmed.

More on Prosecution's Questioning of Chong

SK0812002995 Seoul THE KOREA HERALD in English 8 Dec 95 p 1

[Report by staff reporter Yi Sung-yol]

[FBIS Transcribed Text] Prosecutors investigating the 1979 military mutiny yesterday questioned former Army Chief of Staff and martial law commander Chong Sung-hwa, on his arrest by the rebel troops supporting Maj. Gen. Chon Tu-hwan.

Prosecutors also visited Chon at Anyang Prison for the second time since his arrest Sunday to question him on his role in the military revolt and the bloody suppression of a 1980 civil uprising in Kwangju.

Former martial law commander Chong was questioned on details of the situation on the night of Dec. 12, 1979, when he was arrested by Chon's troops at his official residence in Hannam-tong in Seoul.

He was also questioned on whether he had planned to reassign Maj. Gen. Chon to a remote Army post. Chon was then commander of the Defense Security Command and chief of an investigation body probing the assassination of former President Pak Chong-hui in October that year.

After arresting the top Army general, Chon's group arrested or removed scores of loyal generals.

Prosecution sources quoted Chong as saying that his arrest by Chon and his cronies was apparently a military rebellion and a coup d'etat, as Maj. Gen. Chon seized power in August the next year.

The arrest of Chong opened the way for Chon and his cronies, including Chon's successor No Tae-u, to take control of the military during a power vacuum left by President Pak's assassination.

But Chon, who served as President from 1980 to 1988, was quoted as saying that Chong was taken to an office of the Defense Security Command only to be probed whether he was involved in the assassination.

Chon has denied the charges of being the chieftain in the mutiny.

A Defense Security Command official who at that time interrogated Chong was also summoned for questioning.

Prosecutors also called in four others, including former chief of staff of the 20th Division, No Chong-hyon, for questioning on the movement of the division troops to Kwangju in May 1980. He was also questioned on the shootout between the 61st Regiment troops and civilian protesters in the outskirts of Kwangju on May 21 that year. In the shootout, more than 10 civilians were killed or wounded.

Prosecutors, who on Monday began to call in those involved in the mutiny and the military suppression of the Kwangju uprising, said they may arrest and indict Chon, No and five to six others on charges of military rebellion and treason.

Prosecution Decides To Send Choe Formal Request

SK0812012895 Seoul YONHAP in English
0116 GMT 8 Dec 95

[FBIS Transcribed Text] Seoul, Dec. 8 (YONHAP) — The prosecution will send a written formal request Friday to former President Choe Kyu-ha to get him to proceed to the Seoul District Prosecutor's Office for questioning.

The Seoul District Prosecutor's Office will use a forcible way to have Choe appear before prosecutors if he continues to refuse requests for his presence, an official said.

Choe, as the then president, is believed to hold the crucial key to uncovering the truths behind the military coup in 1979 and the bloody crackdown on the pro-democracy uprising at Kwangju in 1980.

The prosecution also decided to summon five key former military officers, including former Capital Corps Commander Cha Kyu-hon, who participated in the "Kyongbok Palace meeting" on Dec. 12, 1979, for questioning.

Meanwhile, a three-member investigation team led by Senior Prosecutor Kim Sang-hui visited former President Chon Tu-hwan at Anyang prison for a second round of questioning into his role during the two incidents. The probe lasted from 1 PM until 10:30 PM at a room adjacent to the lone cell where the ex-head of state has been detained.

Asked to Appear as Witness

SK0812081895 Seoul YONHAP in English
0807 GMT 8 Dec 95

[FBIS Transcribed Text] Seoul, Dec. 8 (YONHAP) — A written summons was delivered Friday to former President Choe Kyu-ha to have him undergo questioning by the prosecution on what transpired during the Dec. 12 military coup in 1979 and the massacre of Kwangju pro-democracy protesters in May of the following year.

Asking the former head of state to present himself before the prosecution as a witness at 3 PM Saturday or 11 AM Monday, the summons is the first one of its kind conveyed to Choe since the prosecution initiated its probe into the Dec. 12 and May 18 incidents in 1993.

Senior Prosecutor Kim Sang-hui of the special investigation team of the Seoul District Prosecutor's Office now looking into the two incidents signed the summons, which was handed to Choe's secretary Choe Hung-sun at the ex-president's Sogyo-tong residence in western Seoul by two investigators of the team.

"Should Choe fail to comply with the summons, we'll work out follow-up legal steps," a prosecutor said, indicating the possible use of some forcible means for facilitating his interrogation.

President Calls 'Special' Economic Meeting 8 Dec

SK0812000995 Seoul THE KOREA HERALD
in English 8 Dec 95 p 2

[FBIS Transcribed Text] President Kim Yong-sam has called for a special meeting of economic ministers at Chongwadae [presidential offices] today, a move apparently aimed at relieving the South Korean economy from the shocks of recent political developments.

Officials said that Deputy Prime Minister Hong Chae-hyong and eight other ministers in charge of economic portfolios will attend the Chongwadae meeting.

It marks the first time in six months for President Kim to convene a full-scale conference of economic ministers.

Kim is convening the meeting to renew his call for ensuring stability of the Korean economy which is expected to slow down next year, Chongwadae officials said.

The Korea Development Institute (KDI), a government think tank, forecasted Tuesday that economic growth will slow down to an annual 7.5 percent next year, compared with this year's estimated 9 percent.

The Chongwadae meeting is also receiving attention because it comes at a time when the recent arrest of two former Presidents has been sending shock waves to the country's economic arena.

Although the prosecution took lenient legal actions against 35 top businessmen implicated in the No Tae-u slush fund scandal, Korean businesses have been restless since the scandal erupted in mid-October.

Private researchers openly said that the political instability, if combined with the steep drop of corporate investments by large enterprises and slowing export growth, may plunge the economy into a recession.

A protraction in the current political turmoil may hamper the Korean economy's "soft landing" — sustainable growth and stable prices — next year, they said.

Burma

Article Justifies Army's Role in Charter

BK0712160395 Rangoon THE NEW LIGHT OF MYANMAR in English 23 Nov 95 p 5

[Article by U Hpyo: "Easy To Mar, Hard To Make — 9"]

[FBIS Transcribed Text] The National Convention is soon to be reconvened. I wish it success since it is working to shape the future new democratic Myanmar [Burmese] nation.

Why is the National Convention convened? It is convened to formulate the fundamental principles for the establishment of a new nation.

What are the fundamental principles for? They are to be used as nucleus in the new State Constitution to be written.

Is the State Constitution necessary? It is essential indeed. Why? An enduring constitution is in need for a country like Myanmar [Burma] where numerous and various national races with different cultures reside at a time when the country is in the process of political and economic changes.

What will happen if one carries on without an enduring constitution? Peace and tranquillity in the country could be jeopardized, national solidarity could be disintegrated, and all kinds of problems may arise after encountering weaknesses in all aspects. Under such circumstances, even national independence and territorial integrity could be lost.

All dangers stated above could be averted, and the nation as well as the people will be safe and sound when there is an enduring constitution.

The country now is stable and there is economic and social progress although there is no State Constitution. Is it not possible to carry on without a State Constitution? The answer is that it is so because the Tatmadaw [Armed Forces] government is safeguarding the nation with might and main to ensure peace and tranquillity in the country. Stability prevails and economic and social progress is brought about in the country in the absence of a constitution because leaders of the Tatmadaw are providing guidance in the nation's legislative, executive and judicial affairs with their effective leadership. There is no need to worry so long as the Tatmadaw is leading the nation.

However, the Tatmadaw does not wish to assume State responsibilities for too long. And it will not be proper. After the emergence of a Hluttaw [People's Assembly] in accordance with democratic practices, that Hluttaw has to pass laws and elect the president to head the government and delegate powers to the states and regions to execute legislative, executive and judicial powers in the respective areas; these are to be taken care of. Members of the public are true and original owners of State power in the country and representatives elected by the public according to law and Tatmadaw representatives are to work in cooperation to build a new nation.

After the emergence of a new constitution is it not possible for the civilians or persons of political parties alone to lead the nation without Tatmadaw representatives? It is possible. But prevalence of peace and tranquillity could be disrupted in no time like the fate of a soap bubble. Then the nation will certainly confront dangers of all types and forms.

There are people who would like to belittle danger saying there are only three kinds of catastrophes and not ten. If a person of such attitudes ignores the Tatmadaw the person should be mindful of the fact that it will be most inappropriate.

If one is to rule Myanmar ignoring the Tatmadaw, belittling its role and entertaining negative attitudes towards the Tatmadaw while at the same time relying on once wealthy persons and aliens, one will be confronted with not only the three catastrophes but also the five kinds of enemies and the five forms of ruination or loss. No need to go to a fortune teller to ask him what will happen. The country will be turned into a second Bosnia.

The Myanma Tatmadaw was born during the independence struggles and brought up while defending and safeguarding the nation. It never loses sight of people's interests. It has already sacrificed much of its life, blood and sweat in protecting the public life and property. It was born of the people and fed by the people. So, it has been serving public interests most loyally.

There are different types of Tatmadaws or armed forces in the world. They have their own historical backgrounds.

There are Tatmadaws which had engaged in fierce patriotic battles for the liberation of the people. Some Tatmadaws, on the other hand, got no chance to fight for the freedom of the people. They have been brought up without doing anything to talk about.

There also exist unfortunate Tatmadaws which have been used in waging colonial wars. There also exists a Tatmadaw which has braved the colonialists and Fascists so they win the love of the people.

So, the Tatmadaws [Armed Forces] of respective countries have their own backgrounds. Those peculiar and specific qualities need to be observed objectively. The characteristics or traditions of our Myanma Tatmadaw are —

1. a patriotic Tatmadaw,
2. a disciplined Tatmadaw,
3. a loyal Tatmadaw,
4. a united Tatmadaw,
5. an efficient Tatmadaw,
6. a Tatmadaw which makes heroic sacrifices,
7. a Tatmadaw which does not seek personal gain,
8. a Tatmadaw of noble spirit and high morale,
9. a Tatmadaw which possesses true quality of overcoming obstacles,
10. a Tatmadaw which can endure hardship,
11. a tenacious and persevering Tatmadaw, and
12. a Tatmadaw which always upholds Our Three Main National Causes [the non-disintegration of the union, the non-disintegration of national solidarity, and perpetuation of national sovereignty].

There emerge politicians who are so naive that they overlook the glorious nature of the Tatmadaw and have been regarding it as a mercenary one. What is more surprising is that those who have served with the Tatmadaw and have been brought up, fed and trained by it have turned out to be ungrateful ones in spite of their being developed to the present status. In fact, these people are deceiving themselves.

A person who played a leading role in once a brilliant party recalled that period that the people did not like to read books and publications published at the time and he saw the books piled up in toilets. If I were near him at the time I would have asked him whether he noticed among the books his photograph with protruding teeth. [Oblique reference to U Tin U, vice chairman of the National League for Democracy, who was an army general and a former armed forces commander in chief]

A person who is used to cracking cheap jokes also said he liked the American Armed Forces best in the world. He could not help declaring that the American Armed Forces were the best. I then remarked that he happens to be a man who likes only the big type.

A stupid person will pick up a whetstone although he reaches on top of a ruby mountain.

In the future State, the Tatmadaw is to jointly assume national political leadership responsibility. The national political leadership duty is very extensive and it may be delicate depending on the situation. It is also unpredictable. All of a sudden there can be dangers from inside and outside unexpected and unannounced. Indeed, it is too difficult a job to ensure peace and tranquillity in the country.

Man can cause catastrophes and calamities may occur due to nature. The national political leadership role is very extensive and profound. People with kind heart express thanks and delight for the offer of the Tatmadaw which is united with fine traditions of making heroic sacrifices to extend a helping hand to carry out this responsibility.

Some people are too conceited to appreciate the goodwill of the Tatmadaw. They have no confidence in the strength of the Tatmadaw and they do not regard it as an ally. They see it as an enemy. In fact, people of such attitude are over-conceited and they are like a girl infected with trachoma who went into hiding because she heard the king was taking women as his wives.

Suu Kyi's 'Rally of Instigation' Viewed

BK0812022595 Rangoon THE NEW LIGHT OF MYANMAR in English 27 Nov 95 p 5

[Article by U Hpyo: "Easy To Mar, Hard To Make — 10"]

[FBIS Transcribed Text] It is pitiable and at once disgusting. It seems like a person suffering from 'insanity worsening with the passage of time'. Now at a demented stage, it is assumed to be a disease of conceit.

It is a habit of lording over all sentient beings and turning everything around.

It has come to a situation of finding fault with every good deed, viewed with pessimism.

The bad are praised and said to be good, with beckoning of distant forces.

With words "Have courage! Oppose them! Do it! Don't stay still and quiet!", people are instigated now and then.

Whatever is said, whatever is nonsense, however wrong the points are and however hard 'the bamboo pole brushed with cess is swung round', there is certainly an audience of four or five hundred, applauding, seeing good in whatever they hear.

Nearby, there is also a group of grey-haired old timers who do not utter any words like, "You shouldn't say like that! It is not proper to say this. It is like committing a sin. ... [as published] will suffer punishments in hell!"

Satisfied with a situation enough to instigate people to rise up and feeling pleased with the attitude 'come what may', the old foolish crows also come in this 'rally of instigation' with the little literature and anecdotes to encourage the crowd.

"Rise up, peasants!" It is almost that.

Extreme views based on a will to rely on the West are expressed to breed hatred and animosity against the government.

If the situation goes on, a number of persons, maybe by the hundreds or by the thousands, will soon be perverted.

Will this group making malicious utterances guarantee that there will not be riots In breach of orders and laws promulgated for maintenance of peace and tranquillity?

If I were an authority, I would call in those who are organizing these instigative rallies and tell them, "These are your instigative preachings. If any riot occurs as a result of your instigations and opposition to authority, you all are entirely responsible. Reminding them as such seriously, I will make them sign their acknowledgement."

My serious comments are not baseless anxiety. Let me present some evidence I have collected. I would like readers to ponder over them. Decide for yourselves whether or not the following instigative words are harmful to the stability of the State, community peace and tranquillity and rule of law.

[Following are comments made by Daw Aung San Suu Kyi at weekly rallies in front of her house at 54 University Avenue Road, Rangoon]

"Everybody knows that human rights are lost in our Myanmar Naing- Ngan [Burma]." (24-11-95, late evening)

"The teaching system of the university of our Myanmar Naing-Ngan has become lower in standard."

"Graduates who hold such degrees in low education standard have only to resort to working as trishawmen [tricycle peddler] for their livelihood." (24-11-95, late evening)

"Matters which may affect moral conduct and uprightness are rampant in our country."

"Thanlyin Bridge was closed for four hours with the reason that a foreign visitor would be arriving. For that shops had to be closed. It is worse in rural areas. Rulers must take people into consideration in whatever they do. If it is not so, there will not be a pleasant atmosphere in our country."

"I wish to have the 'Thamegga' [Student Union] building constructed. I believe I will have the opportunity some day." (23-11-95, late evening)

"Is it possible to form an organization without having its duties and basic principle and knowing effects?" (Question)

"Is it a human right to make, as one wishes, a person member of an organization?" (Question)

The answer is "It is possible in this country, not in others". (23-11-95, late evening)

"If one wishes to join the National League for Democracy, join it with willingness to work for democracy. I have said, 'There are other organizations if the motive is for gaining position and rights'. This organization will not benefit the nation in the long- term." (Insinuation against the Union Solidarity and Development Association, uttered in the late evening of 23-II-95)

"Skipping Union Day, the 51st Anniversary Tatmadaw [Armed Forces] Day is spoken of as significant day. Why is it so?" (Question)

"The Union Day has already won support. It seems like attempting to win support for the matter which hasn't." (Applause) (Answer)

(Words spoken with intent to disparage and slander the Tatmadaw in the late evening of 30 September.)

"Exporting rice is not a proper matter. I cannot support it in any way!" (Applause)

"If one wants to apply for passport in this country, he or she has to bribe."

"In rural areas, peasants do not have enough subsistence paddy and so they are eating boiled green bananas." (7 October, late evening)

"Teachers are trying to make money, without thinking of the education of their pupils." (Slanderous words against GEC [General Education employees Cooperatives] and teachers, spoken in the late evening of 7 October)

"I don't want to see people feeling dissatisfaction and fear." (Words instigating the general public, spoken on 7 October)

"What the womenfolk have to say to their spouses is 'Do what should be done! If you are sent to jail, I will come to see you in jail'." (7 October, late evening)

I have mentioned here extracts just enough to let the readers get hints.

It is every now and then that I wonder if the group is willingly inciting disturbances, marring peace and tranquillity in the nation, using this rally, as the saying goes, 'One reveals one's true nature by speaking too much'.

The honest good-natured nationals, who wish the nation to prosper and a new constitution to emerge, are looking forward to the National Convention. At this time, I have learnt again that the slanderous group has of late criticized the National Convention in hysteria with pessimism and intimidation and without any reasoning. I have also learnt that the group sent reports to VOA and BBC.

Here at this point, I would like to say that I will occasionally present my comments on the National Convention for its right aims and for its systematic functions.

Summing up, peace and tranquillity are essential for stability of the State, enforcement of law and order, peaceful pursuit of education, peaceful, secure trading and earning of livelihood, peaceful, secure making of donations and working for promotion of the Sasana [religious faith] and we cannot bear to let it be marred. If they go on instigating with intent to win popularity of the gang and pandering to the naive, my request is 'Don't look for the culprits marring peaceful, pleasant condition elsewhere'.

National Convention Continues Discussions

BK0812023695 Rangoon Radio Myanmar in Burmese 1330 GMT 7 Dec 95

[FBIS Translated Text] The National Convention Plenary Session continued at 0900 today at the Central Conference Hall in the President's Residence Compound on Ahlone Road in Yangon [Rangoon], with 522 out of the 590 delegates in attendance.

In accordance with the agenda, U Soe Nyunt from the worker delegates group presented the remaining Part Three of the group's collective report on proposals to prescribe detailed basic principles related to organizing the chapter on the executive to be included in drafting a state constitution.

U Pe Than from the technocrats and the intelligentsia delegates group presented the group's collective proposal report.

U Maung Toe, Lieutenant Colonel Soe Thein, U Kyi Aye, and U Khin Maung Myint from the civil service personnel delegates group presented Part One, Part Two, Part Three, and Part Four respectively of the group's collective report on proposals on the executive chapter.

U Saw Hla Tun from the special invitees delegates group presented Part One of the group's collective report.

The plenary session ended at 1500. It will resume again at 0900 on 8 December.

Brunei, Malaysia & Singapore

Malaysia

Official Views 'Moral Weight' of Antinuclear Pact

BK0812093595 Kuala Lumpur THE STAR in English 8 Dec 95

[Report by Shahanaaz Sher Habib and Mergawati Zulfakar — received via Internet]

[FBIS Transcribed Text] Bangkok — ASEAN will have the moral weight to push for the removal of nuclear weapons with the signing of the Southeast Asia Nuclear Weapons Free Zone treaty, Foreign Ministry secretary-general Tan Sri Ahmad Kamil Jaafar said yesterday.

He said the treaty to be signed by the ASEAN leaders and Laos, Cambodia and Myanmar [Burma] was consistent with the international framework such as the Comprehensive Test Ban Treaty (CTBT) and the Non-Proliferation Treaty (NPT).

"I believe the West should not say no to what we are doing. In fact they should be supportive of our efforts," he told reporters after the second day of the Senior Officials Meeting (SOM).

He said France, China and the United States were among the five nuclear powers (the other two are the United Kingdom and Russia) which had raised some "pointers" about certain issues in the draft treaty which affected them.

"We are taking these into account but the treaty would not be changed in so far as ASEAN is concerned," he stressed.

Ahmad Kamil said all ASEAN member states unanimously agreed to the draft treaty at senior official stage but there were still delicate matters to be ironed out.

He said there would be mechanisms to monitor and ensure that state parties adhered to the treaty, which stated that the countries should not "manufacture, acquire or station" any nuclear weapons.

He also said there were positive indications that Laos, Cambodia and Myanmar would sign the treaty along with the ASEAN Seven.

Ahmad Kamil said even with "overlapping claims" among the signatories, the zone to be declared nuclear free, was very clear.

Defense Minister Explains Military Spending

BK0712151095 Kuala Lumpur THE STAR in English 7 Dec 95

[Report by Zulkifly Mohamed and Farid Jamaludin — received via Internet]

[FBIS Transcribed Text] Langkawi — Malaysia's defence spending will be used as leverage to attract better quality industries into the country, Defence Minister Datuk Syed Hamid Albar said.

"Our policy is that we would like to look at defence spending as a leverage for the other industries in the country.

"With the F/A-18, MiG-29 and Hawk aircraft, we have been able to attract such a programme as two support industries have arisen from these purchases," he said at a press conference at the LIMA [Langkawi International Maritime and Aerospace] '95 site yesterday.

The F/A-18 Hornet aircraft and MiG 29 purchases led to the setting up of maintenance and component manufacturing industries which are supported by the manufacturers of the aircraft.

On the interest shown by Malaysia in various types of defence equipment on show here, Syed Hamid said it did not "necessarily mean that we are buying."

Malaysia must look at the the global political changes before considering buying military equipment, he added.

He said countries in the region, including Malaysia, were merely updating their defence equipment and that should not be misconstrued as taking part in an arms race.

"We are correct in our focus that we seek a more open environment and to upgrade our standard of life. Our economy is good at the moment, so it's a good time to upgrade," he said.

He clarified that the armed forces was looking at three types of main battle tanks (MBTs) and had not made any decision.

He said the three were the British-made Vickers Mark III, the Slovak T-72 and the Poland's M-12.

"We are not necessarily looking for new-generation tanks. We are also looking at older models.

"We want to see whether we can make adjustments to the tanks to fit the local environment," he said.

Syed Hamid declined to comment on reports that the government had decided that it would buy three regiments of such tanks.

He also said that the armed forces had identified the type of helicopters for defence use and were studying the offset programmes offered by various defence companies participating in the exhibition.

It was reported that the ministry had narrowed down the choice of helicopters to two contenders from Oryx of South Africa and Westland of Britain.

Article Rules Out Arms Race Despite Acquisition

BK0812093495 Kuala Lumpur THE STAR in English 8 Dec 95

[Article by V.K. Chin under the rubric "Comment": "Buying a few planes and tanks not an arms race"]

[FBIS Transcribed Text] Maybe it is time for government leaders to stop answering questions on whether Malaysia is starting an arms race every time it buys some military equipment.

It is actually rather funny, if you wish to look at the comic side of things, how anyone could start such a trend by just buying a few planes and tanks or whatever.

Malaysia is starting an arms race? Just perish the thought. Any journalist who has an inkling of the country's expenditure will know that buying military hardware is very much at the bottom of its shopping list.

How can any government do that when its defence expenditure forms only nine per cent of its budget? In fact, any newsman asking such a question has very little knowledge of, or prefers to ignore, the defence spending habits in the region.

Malaysia's armed forces and its firepower rank well below that of its neighbours. Its expenditure in this sector therefore is rather modest compared with its ASEAN members.

Yet this question is being repeatedly asked every time the Defence Ministry hints that it is looking at certain defence equipment. Every purchase is aimed purely at replacing extremely aged hardware or to upgrade the existing system just to keep up with the times.

The country is not a key player in defence in the region. The biggest order it placed was about 10 years ago when the Government signed a [Malaysian ringgit] RM4,000-million deal to buy British arms.

Surprisingly even some British publications were accusing Malaysia of a military buildup ignoring the fact that the deal would provide employment to thousands of workers in the United Kingdom.

If some of these Western media should feel so strongly about such military purchases, then perhaps they should advise their own arms manufacturers not to sell their products to Third-World governments.

The Government is well aware of the implications of buying arms on a large scale. It has not done so for prestige purposes. In fact, it has always preferred to spend more on projects to improve the people's standard of living than on arms and equipment.

In any case, it is unlikely that the people will support any move to beef up the armed forces unnecessarily unless there is a good reason for doing so. Malaysia has extremely cordial relations with its neighbours and wants to co-operate with them so that they could prosper together.

The military establishments in the region know full well the difference between replacing aged hardware and an arms buildup. They are spending much more in this area than Malaysia.

In any case, Malaysia is against such a buildup and prefers that South-East Asia be a zone of peace and neutrality where the major powers should stay away. This is of course an idea which does not go down well with them.

Observers should worry more about what is going on in North-East Asia where they spend huge sums each year on sophisticated fighter jets and missiles. However, one should be concerned only if the purchases are made by unstable governments whose leaders are prepared to use their weapons to threaten their neighbours and the region.

Mahathir Rules Out Resignation of Adviser

BK0812084395 Kuala Lumpur THE STAR in English 8 Dec 95

[Unattributed report — received via Internet]

[FBIS Transcribed Text] Langkawi — Prime Minister Datuk Sri Dr Mahathir Mohamed said yesterday that Tun Daim Zainuddin is not planning to resign as Economic Adviser to the Government or as UMNO [United Malays National Organization] treasurer.

He said Daim told him that reports on Wednesday which said the former Finance Minister intended to step down were untrue.

"He himself said that it was not true. The question of him wanting to resign as Economic Adviser to the Government does not arise," he told BERNAMA at the Langkawi International Maritime and Aerospace (LIMA) exhibition hall where he witnessed the signing of several memoranda of understanding.

News reports yesterday quoted Daim as saying that it was time for him to make way for new blood since Malaysia's economy was booming and UMNO was now stable.

Daim was also quoted as saying he had informed the Prime Minister of his intention and that it was up to Dr Mahathir to decide on the matter.

When asked to comment on the reports earlier, Dr Mahathir said he was unaware of the news.

Asked about his private meeting with Daim at the government chalet here yesterday, the Prime Minister said they did not discuss politics.

"There was nothing much. We just chatted about business. No politics," he said.

Daim declined to comment when met by reporters after the 40- minute meeting.

"I am here just for LIMA," said the Merbok MP and chairman of the Langkawi Development Board. Later, Dr Mahathir received a courtesy visit by Brunei Finance Minister Pengiran [Prince] Jefri Bolkiah and Polish Defence Minister Zbigniew Okonski.

Joint Cooperation Reached on Piracy, Immigrants

BK0712143895 Kuala Lumpur BERITA HARIAN in Malay 7 Dec 95

[Unattributed report — received via Internet]

[FBIS Translated Text] Kota Kinabalu, Wednesday — Malaysia and the Philippines today agreed to boost their cooperation further in an an effort to eliminate piracy along their two border regions, particularly in the south Philippines waters.

In addition, the two countries also agreed to address the issue of illegal immigrants, drug traffickers, maritime pollution, and the violation of maritime territorial waters by foreign fishermen.

The agreement was reached at the second Malaysia-Philippines Border Patrol Cooperation Group (BPCG) here today.

Malaysia was represented by its 13-member delegation headed by Vice Admiral Datuk Tuan Hashim Tuan Mohammad, director of the Center of Maritime Coordinating Enforcement, while the Philippines 13-member delegation and nine observers were led by Major General Ruperto A. Ambil Jr, commanding officer of the South Philippines Army Command.

In a joint press statement issued after the meeting this evening, Tuan Hashim and Ruperto pledged to eliminate the pirates' continuous action of plundering fishermen in the waters of the two countries.

Tuan Hashim stated that, through joint operations, Malaysia and the Philippines have currently become more alert in dealing with any threat from the pirates, given that no such operations were conducted previously.

He said: "We have become more alert and feel confident that our closer cooperation will enable us to eliminate the pirate activities, which will bring greater prosperity to the people."

On 13 November, Malaysia and the Philippines conducted a week- long joint patrol operation in the Sulu Sea involving 500 personnel headed by Tuan Hashim.

The joint operation by the two countries, code-named "PhiMal-One," was aimed at eradicating piracy, the entry of illegal immigrants, maritime pollution, and other related problems.

In their joint operation, the enforcement authorities detected six cases of illegal fishing activities outside their territorial waters.

Ruperto expressed his satisfaction with today's meeting and pledged that his country's authorities will cooperate with his Malaysian counterpart toward their mutual benefit.

Minister Unveils Plan To Build Satellite Park

BK0712143595 Kuala Lumpur THE STAR in English 7 Dec 95

[Report by Charles Chan — received via Internet]

[FBIS Transcribed Text] Hong Kong — Malaysia yesterday unveiled plans to build a [Malaysian ringgit] RM50 million satellite television park for transmission facilities in Kuala Lumpur as part of its drive to make the city a regional broadcasting hub.

The satellite TV park would cater to third-party cable programmers while Malaysia's own satellite television operator, Measat, would have its own uplink and downlink facilities, said Information Minister Datuk Mohamed Rahmat.

"Proposals have come in and I'm seriously considering them. Already a lot of operators have come to see us," he told reporters after touring a trade exhibition organised in conjunction with the three-day Cable and Satellite Asia Conference.

Calling the park a big development for the television industry, he estimated that the initial investment in the park, which would be privatised, to be around RM50 million. The number of satellite dishes to be sited there would depend on programmers, he said. He did not reveal when he expected the park to be ready for operations.

When the park is established, Kuala Lumpur will be competing with broadcasting centres like Hong Kong and Singapore. Also planning to cash in on the broadcasting boom in the region are the Philippines and Taiwan.

Mohamed said Malaysia would have a total of six terrestrial TV channels, eight cable channels and 20 satellite TV channels by next year. His ministry had also approved two licences for providing video-on-demand (VOD) services.

Mohamed refused to identify the companies which had clinched the VOD licences but according to industry sources, Telekom Malaysia was one of them.

He also said the two proposed new terrestrial channels would be operated by the private sector.

Asked if there were fears the market would be saturated by the entry of several new broadcasters, he said: "I love competition. It is in the interest of consumers."

There are at present four terrestrial TV channels — two run by the government-owned RTM [Radio Television Malaysia] and the rest by the private sector. Cable television services are provided by Mega TV.

SME Aviation Delivers Trainer Aircraft

BK0712135095 Kuala Lumpur Voice of Malaysia in English 0800 GMT 7 Dec 95

[FBIS Transcribed Text] The Royal Malaysian Air Force, RMAF, today officially took delivery of two Aerotiga light trainer aircraft from SME Aviation, the first local plant to successfully produce an operational aircraft. SME Aviation chairman, General Tan Sri Hashim Mohamed Ali officially handed over the Aerotiga, technically known as SME ND-3-160 to RMAF Chief Lieutenant General Datuk Sri Abdul Ghani Abdul Aziz at Langkawi International Airport. Prime Minister Datuk Sri Dr. Mahathir Mohamed witnessed the historical event. The two aircraft were part of the 20 aircraft ordered by the RMAF for training by its pilots.

The all-metal Aerotiga was designed by a Swiss aircraft designer but slightly modified to ease up production.

The Indonesian Ministry of Telecommunications has also signed an agreement with SME Aviation for the purchase of 20 such aircraft.

Cambodia

Problem of Stranded Vietnamese in Kandal Resolved

BK0812152295 Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 7 Dec 95 pp 1, 11

[Report by Rosa]

[FBIS Translated Text] The problem of the Vietnamese at Chrey Thom in the S'ang District of Kandal Province was resolved completely on 6 December 1995, with the complete resettlement of all of the Vietnamese stranded in Cambodia.

According to an informed source in the Interior Ministry, a total of 400 Vietnamese families at Chrey Thom have already been allowed to return to Cambodia since the second quarter of the year.

It is worth noting that only 20 of the 400 families have the proof of identity cards from the Sangkum Reas Niyum era. They are classified in the first category of immigrants.

The second category consists of the 372 families comprised of 1,114 men and 1,201 women, who have documents from the State of Cambodia and possess 1,045 boats.

In addition, some 30 families have no proof of identity. They claim, however, that they all had identity cards from the Sangkum Reas Niyum era, but they lost or threw them away when they crossed the border into Vietnam during the war. The Interior Ministry launched an inquiry by travelling to the areas in which the 30 Vietnamese families claimed they used to live to gather evidence and question witnesses said to be acquainted with them. According to the Interior Ministry source, it is likely that the inquiry has already been completed, because the 30 Vietnamese families have now been allowed to return to Cambodia.

A senior official at the Kandal provincial office disclosed that the Interior Ministry's Alien Department and Kandal Province's Alien Police have already carried out meticulous investigations into the case of the 30 Vietnamese families, adding that they are the last of the Vietnamese families permitted to return to Cambodia.

Almost all of the Vietnamese families claimed that they used to live in the areas bordering Tonle Sap Lake in Kompong Chhnang, Siem Reap, and Pursat Provinces. Only a small number said they had been living in Kompong Thom Province.

The Kandal provincial police refuse to elaborate on the Vietnamese matter, saying it is beyond their jurisdiction or they know nothing about it.

The Interior Ministry said it is not yet known how many people are with the 30 Vietnamese families and how many boats they possess. Nevertheless, the Interior Ministry will seem to have removed a thorn from its side once the problem is settled,.

The official added that everything had been sorted out in line with a plan according to which the Chrey Thom issue has to be resolved by the end of the year.

Agreement on German Financial Aid Signed

BK0812111095 Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 7 Dec 95 p

[Report by Dararit]

[FBIS Translated Text] An agreement on 15 million Deutsche mark, or over $10 million, in financial aid to Cambodia was signed by Keat Chhon, state minister and minister of economy and finance, and Bernhard Zander, deputy director of the German Foreign Ministry's Asia-Pacific Department, at the Council for the Development of Cambodia office on the afternoon of 4 December.

The funds are basically designed to finance a project to build communications infrastructures in the Kingdom of Cambodia. The priority of the funds, however, is to build a communications network that links Phnom Penh with Battambang Province and the border with Thailand.

It is worth noting that Germany has promoted cooperation with the Kingdom of Cambodia in many fields. It has assisted in agricultural sector development, social rural development, and so on. Germany has provided up to 100 million Deutsche mark in aid to Cambodia since 1992. Of that amount, 60 percent has been given through international and nongovernmental organizations.

Khieu Samphan Views Current Situation

BK0812122795 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 7 Dec 95

[Interview with Khieu Samphan, "prime minister of the Provisional Government of National Union and National Salvation and chairman of the Cambodian National Union Party," by an unidentified station correspondent on 7 December; place not given — recorded]

[FBIS Translated Text] [Correspondent] My respects to Your Excellency, the prime minister. Last week, you said that the two heads' situation was collapsing in all areas and sectors and that the people from all walks of life, including those in rural areas and political personalities in Phnom Penh, were opposing them—Hun Sen, in particular. What is the state of their armed forces, including soldiers and policemen, and of the ANKI [National Army of Independent Cambodia] troops?

[Khieu] The current situation clearly shows ANKI commanders as well as Para [U.S.-supported resistance forces] commanders of Dien Del [former commander of the Khmer People's National Liberation Front] the following:

1. The two heads no longer exist. There is now only one head, meaning the head of communist Vietnam and its out-and-out lackey puppets led by Hun Sen. The monarchy, the Kingdom of Cambodia, and the Khmer Royal Armed Forces do not exist any more.

2. The present war is a war aimed at allowing communist Vietnam to wolf down and swallow Cambodia. It is a war for the communist Vietnamese to kill Cambodians. Those commanders have been fooled by communist Vietnam and its out-and-out lackey puppets into allowing themselves to be stuffed into the communist Vietnamese puppet army. They have been used by communist Vietnam and its puppets to: fight and kill Cambodians; arrest Cambodians; arrest honest members of the FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] Party; arrest members of His Excellency [H.E.] Son Sann's Buddhist Liberal Democratic Party; and arrest FUNCINPEC Secretary General Prince Sirivut. They were also used to harass and expel H.E. Sam Rangsi, the FUNCINPEC party vice chairman, from the two-headed government and National Assembly. They are now being used to threaten [words indistinct] and the king indirectly or directly.

It is this situation that prompted the king to say that he cannot save democracy and the monarchy and that democracy and the monarchy are in danger.

All of the problems have motivated some ANKI and Para commanders to ask: Should they continue to allow themselves to be ordered by communist Vietnam and its out-and-out lackey puppets to fight and kill Cambodians, or should they begin to resist and turn to protecting the king, setting Prince Sirivut free, and guarding FUNCINPEC and other political parties and personalities that are our Cambodian national forces? A voice has already been heard that they must resist.

Within the puppet army and police, the very same problems have also emerged. The soldiers and policemen have more clearly seen that the communist Vietnamese and their puppets have forced them to fight and die for the sole purpose of permitting communist Vietnam to nip at and swallow Cambodia and to kill Cambodians. Therefore, they have to resist and free themselves from the fists of the communist Vietnamese and their out-and-out lackey puppets.

[Correspondent] What is the fate of the two heads and Hun Sen?

[Khieu] The two heads do not exist any more. Now, only one head is left; that is, the head of Hun Sen, the out-and-out communist Vietnamese lackey puppet. The days of the other head are numbered. The peasants in the countryside are opposing them; the students and people of all social strata in the cities and high-level political personalities are also opposing them. Within the puppet army and police, the forces opposing them are now widespread: The puppet soldiers have deserted in groups of tens, hundreds, or in entire units. The people worldwide, including the American people and Senate, are also opposing them. They have expressed more strongly their demand that aid to them be stopped.

[Correspondent] Based on this situation, what is your view regarding the development of the struggle conducted by our nation and people?

[Khieu] The light at the end of the tunnel can be more clearly seen. It is certain that our nation and people will fully achieve the objective of their struggle. I wish to stress that the objective of our nation and people's struggle is national reconciliation within the framework of an independent, sovereign, unified, peaceful, and neutral Cambodia, with its territorial integrity, under a liberal, democratic, and market-economy regime.

Indonesia

E. Timor Activists Continue Embassy Protests

E. Timor Spokesman on Incidents

LD0712152295 Lisbon RDP Antena 1 Radio Network in Portuguese 1300 GMT 7 Dec 95

[FBIS Translated Excerpt] We have heard Ramos Horta [leader of National Council of Maubere Resistance] comment on the invasion by East Timorese protesters of the Dutch and Russian embassies in Jakarta. We spoke to him on the telephone and this is what he had to say:

[Begin Horta recording] I can confirm that — I am directly responsible for all this together with the National Council of the Maubere Resistance — I can confirm that Portugal has nothing to do with what is happening, the Portuguese authorities have always been extremely correct in all dealings with the Indonesian authorities. Indonesia will have to learn a lot to be able to behave in such a correct manner toward Portugal. [passage omitted]

Other Western embassies in Jakarta were being closely monitored; many of them were even expecting this kind of initiative and have reinforced protection of their compounds. Some embassies have raised their walls and some have used barbed wire to prevent any kind of invasion. The French Embassy has been very closely monitored by the Indonesian security forces. [passage omitted]

Despite the time limit imposed on UN High Commissioner Ayala Alasso's visit and despite all restrictions imposed by Indonesia — Indonesia is solely responsible for such a short visit — despite all that, the visit has been a very important political event for the East Timorese cause. Despite his very busy agenda and his important job to monitor human rights all over the world, the high commissioner has visited our homeland, and this, for us, represents an important political event. It marks, underlines, the juridical status of East Timor, and we must thank the United Nations for that. [end recording] [passage omitted]

Alatas Views Protester Demands

BK0812025695 Jakarta ANTARA in Indonesian 1449 GMT 7 Dec 95

[FBIS Translated Text] Jakarta, 7 Dec (ANTARA) — Foreign Minister Ali Alatas has questioned the motives of anti-integration East Timor demonstrators who have entered two foreign embassies in Jakarta and demanded a dialogue with Jose Ayala Lasso, UN high commissioner for human rights.

"If they want to meet and hold dialogue with certain personalities, they are able to do so. Why should they have sought publicity for that purpose by entering the foreign embassies," he said during a news conference on the visit of Jose Ayala Lasso, UN high commissioner for human rights, in Jakarta on Thursday.

He added that the demand of the East Timor youths that they be allowed to meet the chief delegate of the International Committee of the Red Cross and Indonesian officials should not have been dramatized by jumping over the fences of those embassies because the officials are always open for dialogue.

As many as 58 sympathizers of the liberation of East Timor forced their way into the Embassy of the Netherlands, while 47 others jumped over the fence of the Russian Embassy in the early hours of Thursday. Their action was taken in commemoration of the 20th anniversary of Indonesia's entry into East Timor.

Unlike previous demonstrators at the embassies of the United States, Great Britain, the Netherlands, France, and Japan, the current demonstrators are not asking for political asylum, but simply want to hold a dialogue with several parties involved in human rights.

In the news conference, Alatas reiterated the Indonesian Government's policy of allowing East Timorese to go to Portugal.

During a hearing with Commission I [in charge of foreign affairs, defense, security, and information] of the House of Representatives on Wednesday evening, he reaffirmed that Indonesia would not prevent [words indistinct].

"Let them go! Eventually, Portugal itself will have trouble. Only clean people will remain in East Timor after the unpatriotic people leave," he said.

Asked about new flag burning incidents in various places in Australia on Thursday, Alatas stated that Indonesia would lodge the strongest protest with Australia over the incidents.

"We cannot accept the incidents. We will lodge a protest after we know the facts," he said about the acts in Darwin, Sydney, Canberra, and Melbourne.

Clash Injures Ambassador

BK0812035495 Jakarta REPUBLIKA in Indonesian 8 Dec 95 p 20

[FBIS Translated Excerpt] Jakarta — Demonstrations and a fence scaling incident marred the final day of the five-day visit by Jose Ayala Lasso, UN high commissioner for human rights, yesterday. The end of the visit coincided with the 20th anniversary of the integration of East Timor into Indonesia. At the same day, there was a clash between pro- and anti-integration East Timor youths at the Embassy of the Netherlands. Netherlands Ambassador to Indonesia Paul Brouwer was injured as he tried to stop the brawl.

Dozens of pro-integration East Timor youths intercepted a car used by Lasso after he paid a working visit to Commission I [in charge of foreign affairs, defense, security, and information] of the House of Representatives on Thursday afternoon. The group, who had been standing in the rain since noon, immediately surrounded Lasso as he came out from the office of Commission of the House of Representatives and into the car. A white banner was unfurled and used to cover the front part of the Volvo-960. There was, however, no incident.

At the House of Representatives, Lasso was received by Mrs. Aisyah Aminy, Abu Hasan Sazili, and several members of the commission. Abu Hasan Sazili, who saw Lasso off, said the UN official called for cooperation in campaigning for human rights. According to Abu, Lasso's presence resulted from a compromise reached by participants to the world human rights conference in Geneva last January. [passage omitted]

Groups Issue Statement on Protests

BK0812062395 (Internet) INDONESIA Listserv in English 7 Dec 95

["Statement" issued by the Indonesian People's Solidarity Struggle, with the Maubere People and the People's Democratic Union; dated 7 December; place not given]

[FBIS Transcribed Text] The reality in East Timor, is not that which is promoted by the Suharto Regime, that the integration of East Timor into Indonesia was a process of self-determination by the people of East Timor. This propaganda is a lie because to this day, in reality, the Indonesian Government under the Suharto Regime has carried out military intervention against the people of East Timor in pursuit of their own interests that is East Timorese integration into Indonesia. This has meant 20 years of brutal oppression, which is rejected by the East Timorese people themselves.

In reality the United Nations has already passed a resolution rejecting all of the Suharto regime's actions, and have held negotiations between the governments of Indonesia and Portugal; in which the UN acknowledged Portugal as the sovereign power in East Timor. The Suharto regime however, has never shown any genuine conviction and has never been serious about resolving the issue of East Timor. Aside from this, other countries have "adapted" themselves to the issue of East Timor (such as the UN which is not consistent).

The terrible conditions experienced by the people of East Timor, caused by the Suharto regime, are not very different from the conditions faced by the people of Indonesia; where the freedom to organise, express opinion both verbally and in writing which and so on, as a criteria indicates that there is no peoples' sovereignty in Indonesia. In this case because Suharto's regime applies a packet of five repressive political laws who's nature is extremely undemocratic.

Because of this, in view of the conditions mentioned above, today, we, from the organisation PRD (Peoples' Democratic Union) supported by the national trade union PPBI (Centre for Labour Struggle), SMID (Student Solidarity for Indonesian Democracy), STN (National Peasants Union), JAKKER (Peoples Art Network) and SPRIM (Indonesian People's Solidarity Struggle with the Maubere People) jointly with East Timorese are currently occupying the Dutch and Russian Embassies.

SPRIM's program includes the following demands:

1. withdrawal of all Indonesian military and police from East Timor
2. a referendum on independence in East Timor
3. repeal of the five repressive political laws of 1985.

[Signed] Wilson,
National Coordinator,
SPRIM

Activists To Leave Russian Embassy

LD0812112395 Melbourne Radio Australia in English 1100 GMT 8 Dec 95

[FBIS Transcribed Text] A leading Indonesian human rights campaigner says 47 pro-East Timor activists inside the Russian Embassy in Jakarta have agreed to end their protest. However, Indonesian correspondent Michael Maher reports it is still unclear when they intend to leave the embassy grounds.

[Maher] Veteran human rights campaigner Johannes Princen has been holding talks throughout the day with more than 100 pro-East Timor activists now inside the Dutch and Russian Embassy compounds in Jakarta. The 55 protestors inside the Dutch Embassy are still refusing to leave. They are demanding the removal of all Indonesian soldiers from East Timor, as well as the release of all East Timorese political prisoners. However, Mr. Princen says their fellow protestors in the Russian Embassy have agreed to leave the embassy compound so long as they face no retaliation for their actions. Indonesian foreign minister, Ali Alatas, has reportedly given undertakings about the safety of the demonstrators. However, Johannes Princen has described them as insufficient. The protestors entered the embassy grounds to mark the 20th anniversary of Indonesia's invasion of East Timor.

[Melbourne Radio Australia in English at 0900 GMT reports in a poorly received newscast: "Security has been restored at the Dutch Embassy in Jakarta following an attack on [words indistinct] including the ambassador. The ambassador received minor injuries while trying to stop fighting between pro-Indonesia demonstrators and East Timorese activists inside the embassy compound.

"Two Dutch diplomats, including the ambassador, are reported to have (?returned) last night after pro-Indonesian demonstrators entered their embassy compound while police and soldiers were [word indistinct]. Most of the diplomats returned to work after receiving medical attention. In the wake of the attack the area outside the embassy gates has now been cleared of protestors. However, inside the embassy compound more than 50 East Timorese activists are still refusing to leave until the Indonesian authorities hold discussions with them about human rights abuses in the former Portuguese colony. Another group of East Timorese and their non-East Timorese supporters have entered the Russian Embassy. Indonesia's foreign minister, Ali Alatas, has dismissed the activists as publicity seekers."]

Suharto Receives Micronesian President

BK0812010495 Jakarta Radio Republik Indonesia Network in Indonesian 1200 GMT 7 Dec 95

[FBIS Translated Text] Bailey Olter, president of the Federated States of Micronesia, said he will utilize his state visit to Indonesia to study the Indonesian Government's experience in building an archipelagic state. Minister-State Secretary Murdiono quoted the Micronesian president as saying when the latter paid a courtesy call on President Suharto after a welcoming ceremony at Jakarta's Merdeka Palace this afternoon.

The Micronesian president and Mrs. Olter arrived in Jakarta at 1340 West Indonesian Time [0640 GMT] today and were welcomed by the president and Mrs. Suharto at Jakarta's Merdeka Palace. Due to rain, the ceremony was held at the palace's front hall with a display of the two countries' national anthem and 21-gun salute. Also present at the welcoming ceremony were the vice president and Mrs. Sutrisno, as well as other Indonesian high-ranking officials.

Two Leaders Hold Talks

BK0812110895 Jakarta Radio Republik Indonesia Network in Indonesian 0600 GMT 8 Dec 95

[FBIS Translated Text] Micronesia has invited Indonesian businessmen to invest in joint venture projects in that country, especially shark canning, because the shark-canning industry has bright export prospects. Micronesia is deeply interested in taking advantage of agreements endorsed at the APEC [Asia-Pacific Economic Cooperation] leaders meeting, because APEC is not an economic bloc.

Minister and State Secretary Murdiono said this to reporters during a briefing at the Merdeka Palace this afternoon on the results of talks between President Suharto and Micronesian President Bailey Oter, who is a state guest.

According to Minister Murdiono, Micronesia has also shown interest in agriculture, fishery, and forestry development.

Suharto Meets UN Commissioner, Yemeni Official

BK0812012095 Jakarta Radio Republik Indonesia Network in Indonesian 1200 GMT 7 Dec 95

[FBIS Translated Text] Jose Ayala Lasso, the UN high commissioner for human rights, says Indonesia has taken the correct path in upholding human rights by establishing the National Commission on Human Rights a few years ago and disseminating the concept of human rights. Ayala Lasso said this after he paid a courtesy call on President Suharto at the Cendana Road presidential residence in Jakarta this afternoon. Speaking in the presence of Foreign Minister Ali Alatas, Ayala Lasso also said he is ready to discuss the human rights issue and work together with the Indonesian Department of Foreign Affairs.

At the same venue, President Suharto also received a courtesy call from Abd al-Qadir al-Ba Jamal, deputy prime minister of the Republic of Yemen. The Yemeni leader is visiting Indonesia at the invitation of B.J. Habibie, chairman of the Strategic Industries Management Agency, to observe several strategic industries in Indonesia. Habibie said Indonesia is ready to sell various products produced by strategic industries, including steel, ships, aircraft, helicopters, and firearms to Yemen.

Army Chief Warns Against Reviving Communism

BK0812033395 Jakarta Radio Republik Indonesia Network in Indonesian 0000 GMT 8 Dec 95

[FBIS Translated Text] General Hartono, chief of staff of the Indonesian Army, has reminded the people to become more vigilant against moves by former members of the Indonesian Communist Party [PKI]. The former PKI members are now displaying the symbol of communism as there have been social upheavals in various regions of the country.

At the swearing-in ceremony for Major General Subagyo as commander of the Fourth Diponegoro Military Region Command in Semarang yesterday, Gen. Hartono said moves were visible in the systematic circulation of the PKI symbol as part of their efforts to revive the PKI.

The army chief of staff described the moves of the former PKI members as daring. Accordingly, he urged the people to be vigilant against the moves.

Gen. Hartono asked citizens not to be easily provoked to commit destructive acts simply over an unclear issue. Citizens were easily provoked to commit destructive acts in several regions, including Pasuruan and Pekalongan.

Bishop Belo Holds Talks With Rights Commissioner

BK0812111895 Jakarta SUARA KARYA in Indonesian 7 Dec 95 p 10

[Unattributed report]

[FBIS Translated Excerpt] Dili (SUARA KARYA) — Mgr. [Monsignor] Bishop Carlos Filipe Ximenes Belo of the highest Catholic diocese in East Timor Province said that there was no special message to be given to Jose Ayala Lasso, the UN high commissioner for human rights.

Speaking during a brief meeting with reporters in Dili on Wednesday, when asked to explain the consequences of his meeting with Jose Ayala Lasso at the bishop's residence in the Bidau District of Lecidere, the bishop said: "There is no special message for him."

The meeting between Bishop Belo and Jose Ayala Lasso began at about 0800 West Indonesia Time and lasted for about 45 minutes. Ayala was accompanied by two staff members, namely A. Magazeni and Mrs. Regina Phimton, who acted as interpreters.

When the reporters asked him to provide a more detailed explanation of the meeting, including whether the 12 November 1991 "Dili Incident" was also discussed, Bishop Belo did not mention anything specifically.

Responding to questions by reporters who asked the bishop to report on the meeting, he repeatedly said: "All of you should personally ask the UN high commissioner for human rights."

After concluding the meeting with Bishop Belo, Jose Ayala Lasso continued his meeting with Mrs. Maria Gomes, Dili's protestant "Hosana" church leader, at the Hotel Mahkota Timor, where the UN official was residing during his stay in East Timor.

Prior to departing East Timor, Jose Ayala Lasso flew by helicopter for a visit to south Dili's Aileu Regency, which is 50 km away.

Local sources reported that his visit to Aileu Regency was mainly to see the graves of the East Timorese who had died in the massacre by the Fretelin [Front for an Independent East Timor] members some time ago. [passage omitted]

Thailand

PM's Secretary Denies Involvement in Arms Deals

BK0712094295 Bangkok THE NATION in English 7 Dec 95 pp A 1, 2

[Unattributed report]

[FBIS Transcribed Text] Facing a bombshell allegation, the prime minister's deputy secretary, Wirasak Khosurat, admitted yesterday that he has run an international business consulting firm but denied having violated political ethics by acting as trade broker or arms lobbyist.

He admitted that he set up and is managing director of Matchcross International Co, a business consulting firm described as a brokerage company dealing with foreign firms. But he said he "has no work to do" at the company since he got the political job and challenged his accusers to probe his assets.

He told THE NATION he has engaged in no illegal acts nor sought personal gain from his position in the government as reported.

"I will admit to whatever is true and will deny whatever is not true," he said.

Quoting an "informed source", SIAM POST reported yesterday that Wirasak had been contacted by a Hong Kong broker to act as local agent in negotiations for the sale of Sikorsky helicopters with "civil service and military agencies". That took place in 1990 and 1991 under the premiership of Chatchai Chunhawan, it was reported.

The paper said Wirasak's company was instrumental in completing deals between five foreign companies and the Chatchai government shortly before its collapse in 1991. The administration was overthrown in a military coup in February that year. Corruption was cited as a reason by the coup-makers.

Wirasak said he was "shocked" by the report. He said he was "too young" at the time to be a lobbyist for arms traders as alleged. "I was born in 1965. In 1990, I was only 24 years old. I don't think [any arms trader] would trust me to represent them at such negotiations."

According to Wirasak, Matchcross International is an investment consultant for foreign companies or businessmen planning to invest in Thailand.

He also denied the paper's report that he was part of Chatchai's advisory team. "I was secretary to the (then) Parliament president (Wan Chansu). I had nothing to do with government affairs," he said.

He also said he received no faxes from the Hong Kong broker as reported. "I have no knowledge about that. I have never seen the faxes. I have contacts with many people. (The broker) might try to contact me by sending faxes to some places. I don't know."

He added that he was "ready" to prove his innocence.

"If you want to know how much I have earned, you can ask the Revenue Department to check. I also submit the details about my assets to the Counter Corruption Commission.

"I work in the political arena, but I'm not a politician. I don't want to become news. This report has caused much damage to me. I don't know what to do."

Asked about Sweden's Kockums submarine firm, he said he has had no contact with the company. A Swedish newspaper recently reported that figures in the ruling Chat Thai Party received "considerable sums" from the Swedish firm, which is vying for a contract to supply submarines to the Navy.

SIAM POST also mentioned a "Dr S" with connections to Wirasak's company. The paper said the person in question had a job in the Chatchai government and is holding a political position.

ASEAN To Sign Pact Despite U.S. Concerns

BK0812063395 Bangkok BANGKOK POST in English 8 Dec 95 p 9

[Analysis by Nutsara Sawatsawang and Phanrawi Tansuphaphon]

[FBIS Transcribed Text] The Association of Southeast Asian Nations will go ahead as planned in launching a nuclear weapons-free zone treaty next week even though Britain has joined the United States and China in expressing concern over some principles in the document.

Senior ASEAN officials said those concerns will be taken into consideration but insisted the treaty had to be signed as scheduled on December 15 on the second day of the ASEAN Summit meeting.

They said the treaty will benefit the whole of Southeast Asia and in turn the wider international community.

Arizal Effendi, the Indonesian chairman of a working group set up to draft the treaty, told the BANGKOK POST a letter was forwarded to him yesterday through the British Embassy in Jakarta seeking clarification on the freedom of navigation in the region and port calls by nuclear ships.

The letter also asked about a protocol which ASEAN plans to attach to the treaty to be signed by the five declared nuclear powers — the United States, Britain, France, Russia and China.

A British diplomat confirmed London still has reservations but declined to go into details.

According to an official of the U.S. Embassy in Bangkok the American position is that the treaty is consistent with long- standing criteria that a nuclear weapons-free zone does not prejudice U.S. security arrangements with individual countries, freedom of navigation and is consistent with the Convention on the Law of the Sea.

China is worried about the geographical scope of the treaty, especially the 200-mile exclusive economic zones which are unilaterally declared.

An ASEAN source said the U.S. and China have been most vocal among the five nuclear powers.

But Mr Effendi insisted the treaty is in the best interests of ASEAN and the international community.

"This is a very historic treaty by itself. For the very first time since the end of the Cold War the ten Southeast Asian countries are sitting down together, discussing the draft treaty."

A well-informed source said feedback from the nuclear powers has only surfaced over the last few days despite the fact ASEAN submitted the draft to them for comments last month.

The reaction and expressions of concern only came about after it became certain ASEAN was going to launch the treaty next week.

The Southeast Asian Nuclear Weapons-Free Zone Treaty calls for the signatory states not to produce, possess, develop or test nuclear weapons in their territory while allowing them to develop nuclear energy for peaceful use.

Sources said the treaty is one way of guaranteeing that Southeast Asian countries, which form one of the fastest growing regions in the world, will not opt for a nuclear arms race.

That view was backed by Mr Effendi.

He said: "Prevention is better than cure. We are very much afraid of technology services which are developed day by day and they might want to make smaller armament but big explosive power. "

Mr Effendi said the treaty has another significance for it shows signatory states' commitment to the Non-Proliferation Treaty, which bans possession and development of nuclear weapons.

ASEAN has repeatedly made it clear the treaty was in line with the Convention on the Law of the Sea which allows countries the right neither to deny nor confirm it has nuclear cargo-what is known as "innocent passage."

The treaty is also worded in a way that individual signatory states reserve the right to allow nuclear ships to make port calls.

Mr Effendi admitted this could be seen as a loophole for the stationing of nuclear weapon-carrying ships but stressed that in practice it was unlikely such a vessel would be stationed for an extended period of time.

He said this is because it was risky not to be in the open sea and decreased the element of surprise in attacks.

He added: "We want to have an ideal 100% treaty to be free from nuclear weapons, but we also have to be realistic and respect their rights under UN law. We try to be most-acceptable to both sides."

Mr Effendi will return to Indonesia after the summit and will try to answer any remaining questions from Britain and the US.

As for China, he suggested that an annex be attached to the protocol reiterating its rights of innocent passage in unilaterally declared exclusive economic zones as stipulated by the Law of the Sea.

"This is to accommodate everybody's interest and would not effect China on its territorial claims," he said, adding that the treaty is open for amendment if any party has any proposal:

Thai Foreign Ministry spokesman Suwit Simasakun insisted none of the nuclear power states objected to the treaty's principles.

And he said the nuclear-free zone treaty would benefit ASEAN countries because some of them have the potential to develop nuclear weapons for peace.

Professor Withit Manthaphon, a law lecturer at Chulalongkon University, asked whether it was enough for ASEAN only to declare a nuclear-free zone.

ASEAN should be more active in ensuring the early completion of the drafting of a comprehensive nuclear test ban by the UN.

After the leaders from the seven ASEAN members and the three would be members — Burma, Cambodia and Laos — sign the treaty on December 15 all ten will proceed with their internal regulations such as parliamentary or cabinet approval before making a formal request to the five nuclear powers to sign the protocol.

Central Bank Says Economic Growth Stabilizing

BK0812093695 Bangkok BUSINESS DAY in English 8 Dec 95 p 1

[Unattributed report]

[FBIS Transcribed Text] The Bank of Thailand (BOT) is optimistic that tough monetary measures it implemented this year can be eased after the first quarter of next year when the country's economy is expected to be on a more stable track.

BOT Governor Wichit Suphinit said the tough financial measures imposed during the current year had brought economic growth into line with the country's fiscal policy.

Among measures implemented were the 7 percent bank reserve ratio requirement; a method for recalculating bank foreign exchange positions, and the 30 billion baht stock rescue fund.

Mr Wichit said the overall picture of the country's economy should become clearer in the second quarter of next year, by which time the central bank hoped to be in a position to let financial policy be dictated by the prevailing market forces.

But from now until the first quarter of next year, the central bank would keep a close watch for signs of heavy spending, particularly during the holiday season, Mr Wichit said.

But there is more potential for the easing of interest rates than any other policy, he added.

"Interest rates will have a tendency to improve," said Mr Wichit, adding that rates will go up or down in line with market demand.

He noted that they tended to be higher than foreign rates.

He said that the central bank did not intend to interfere with domestic interest rates and had recently been concentrating on ensuring short-term capital flows.

The Bank of Thailand had taken steps to inject short-term capital into the markets and directed financial institutions to help stabilize financial conditions, he said.

Meanwhile, Klieothong Hetrakun, a senior director with the BOT, said Thailand's economy remained positive in the eyes of foreign analysts.

She cited the ratings given by the two well-known rating agencies, Standard and Poors and Moody's, as indicators of credibility.

The two agencies rated Thailand's long-term debt instruments A and A-2 respectively.

Ms Klieothong said Thailand is considered the second-most attractive country in terms of global investment and 27th country in terms of political and economic risk by EUROMONEY magazine.

Role, Performance of Armed Forces Viewed

BK0812090495 Bangkok ATHIT in Thai 1-7 Dec 95 pp 16-25

["Cover Story": "Mission of Armed Forces; 'Money' or 'Dignity'"]

[FBIS Translated Text] The military officers who accompanied Defense Minister General Chawalit Yongchaiyut during his recent visit to Burma were very proud of their "being military men" in the eyes of the Burmese dictatorial government and believed that they could do a better job than other delegations from the Ministry of Foreign Affairs or civilian ministers in conducting negotiations with the Burmese side. Unfortunately, General Maung Aye, the Burmese Army commander, whose position is equal to that of Khin Nyunt, did not show up at the extravagantly organized banquet held in honor of the visiting Thai military delegation headed by Gen Chawalit Yongchaiyut, the defense minister, deputy prime minister, former army commander, and former supreme commander. The reception was rather subdued. Diplomatically and militarily speaking, the Thai military delegation was "embarrassed" by the absence of Gen Maung Aye at the party.

A similar embarrassment reoccurred when Malaysia canceled a meeting of the Thai-Malaysian Border Committee, scheduled to take place in December, following the shooting on a Thai fishing trawler that killed two Thai crewmen. The Thai authorities believed that the incident took place in Indonesian territorial waters. The Ministry of Foreign Affairs called on the Malaysian Government to pay compensation for the damage. The Thai delegation, to be led by Supreme Commander General Wirot Saengsanit, intended to use the meeting of the committee to iron out the conflict. However, the Malaysian side suddenly decided to postpone the meeting indefinitely, saying that the Malaysian defense minister was occupied with other functions. Meanwhile, Halim Ali, deputy secretary general of the Malaysian foreign ministry, told Bernama during an interview that Malaysia would not pay any compensation to the Thai side as requested by the Thai Foreign Ministry, but the bodies of the two fishermen would be sent home with some money for their funeral rites.

Thai Style Foreign Policy

In the past, Thailand's foreign policies were internationally recognized for their complexities. An American anthropologist wrote in his research paper before World War II that "they can do things beyond anybody's expectations. Their actions have no precedence and cannot be compared to any practices in international diplomacy."

The above statement was used to describe the reaction of the Thai Government to the threat by a French fleet to close the Gulf of Thailand during the reign of King Chunlachomklao. The then defense minister went to greet the fleet commander and praised his bravery before starting negotiations, which ended with the Thai side accepting all the demands posed by the French. It was a strange strategy that enabled Thailand to preserve its "national independence," avoid armed confrontation, and escape colonialization.

That was the past. In the present, foreign countries find it fairly easy to read Thailand's diplomatic maneuvers and foreign policies. A good example is the diplomatic wrangle between Thailand and Saudi Arabia over the Saudi jewelry theft case, which dragged on for over eight years and involved five Thai governments. Even now, the two countries have not yet been able to restore "normal ties."

Formerly, some 200,000 Thai workers in Saudi Arabia sent home not less than 20 billion baht each year. Saudi Charge d' Affaires Mohamad Said Khoja had apparently been using this important "condition" to dictate to the Thai side and create confusion and frustration for the five governments and the entire Police Department.

It was true that the Thai side made several mistakes in its efforts to solve the problem for the sake of the good relations between the two countries. The mistakes comprised the embezzlement of jewelry pieces stolen from Prince Feisal's palace, the arrest of innocent persons, and the indifferent attitude on the part of the authorities concerned, which led to the assassination of two officials of the Saudi Embassy.

However, it was unlikely that these mistakes were the only reason why Khoja was able to gain the upper hand and pressure those governments.

The mishap must also be attributed to the attitude of some people in the Ministry of Foreign Affairs since they were the ones who paved the way for the Saudi charge d'affaires maltreatment of the Thai governments.

Allowing the issue, which was caused by a few unscrupulous officers, to smolder on, the then foreign minister Dr. Athit Urairat, attempted to find other diplomatic solutions such as declaring Thailand's support for Saudi Arabia and the United States and sending Thai medical teams to Saudi Arabia during the Gulf War. By so doing, he hoped to foster new relations between the two countries and reduce the resentment of the Saudi side over the malfeasance of the Thai police officers. Unfortunately, his time in office was very short while his perception was strongly opposed and criticized by other members of the Democrat Party such as Surin Phitsuwan.

As a Muslim, Surin Phitsuwan was later appointed deputy foreign minister and assigned to take charge of relations with Saudi Arabia. However, even he could not do anything much to improve the situation.

Officials from the Ministry of Foreign Affairs were sent to persuade Kriangkrai Techamong, the Thai worker who stole the jewelry from the palace of the Saudi prince, to go to Saudi Arabia as requested by the prince, for they believed that the extradition of the culprit would prove Thailand's "sincerity" and that there was nothing wrong in using "the culprit" as a "special envoy" of Thailand in a bid to restore the good relations with that country.

Many disagreed with that approach. Kraisak Chunhawan, member of former advisory team of the government of former prime minister General Chatchai Chunhawan, pointed out that the "bargaining power" of Saudi Arabia was so huge that Thai-style diplomacy or the use of the culprit as a special envoy would not work. He said that Thailand had played an important role in supporting Saudi Arabia during the Gulf War. For example, the U.S. airborne, marine, and rapid deployment units from Guam, Japan, and California were allowed to stopover at Sattahip Naval Base. From this very naval base, equipment and materials were sent to extinguish the fires that were engulfing the Kuwaiti oil wells. Kraisak noted that we have never appraised the value of these activities.

As a matter of fact, the Thai royal family also made efforts to use its relations with the Saudi counterpart to remedy the situation.

It was obvious that Thailand was submissive to the Saudi charge d'affaires' diplomatic ploys. Several Thai private groups urged Saudi Arabia to assess the value of the stolen jewelry so that Thailand could pay for the damage and put an end to the squabble.

Saudi Charge d'affaires Said Khoja is a cunning diplomat who was able to repeatedly use the Thai mass media to attack the weakness of the Thai governments. The problem died down when more stolen jewelry pieces were retrieved and the senior police officers involved in the embezzlement were put in jail. Thailand has no bargaining power whatsoever in dealing with Saudi Arabia. It only "begged and appealed" to the Saudi diplomat, whose words could be used to "guarantee" the relative merits of Thai politicians. Former prime minister Chuan Likphai was extremely elated by his prediction that he would be able to retain his premiership for the next 18 years.

U.S. Subtlety

The U.S. military influence was once prominent in this region. In particular, Thailand, under the bilateral military cooperation agreement, used to host the U.S. radar stations and military bases. In the new era, in which economic strength is more desired, the United States has come up with strange tactics in dealing with Japan, China, and ASEAN member countries to secure its interests in the region.

The United States has been exerting much effort to develop its economic potential in all parts of the world. It has been fairly successful in pressing Thailand for economic concessions, such as the passage of the Copyrights Act to give full protection to computer software and medical patents. The U.S. pressure, mounted on Thailand for a decade, became fruitful during the government of former prime minister Chuan Likphai when the then commerce minister Uthai Phimchaichon asked the cabinet on 24 August 1993 to reduce the tariff imposed on motion picture film from 30 baht to 10 baht per meter. The same government fully opened the market for U.S. cigarettes and agreed to grant backdated pipeline patent protection for U.S. drugs worth not less than 20 billion baht annually.

The United States succeeded in controlling 50 percent of Thailand's insurance market by setting up the Thai-named Phaisan Insurance Company with 25 percent of the equity held by the U.S. AIA Company and its 11 branch offices nationwide with permission from the Chuan government.

Thailand earns most of its foreign exchange from exports and, due to the belief that the United States is capable of mounting economic pressure on Thailand, the government of former prime minister Chuan Likphai was prone to yielding to the U.S. demands. In this regard, Gen Chatchai Chunhawan, whose party later joined the coalition, even said that the government was too submissive in dealing with the United States without trying other avenues of bargaining powers.

The United States was very pleased with the flexibility of the government of former prime minister Chuan Likphai. Therefore, it ordered the U.S. Credit Ratings Agency Standard and Poor's Corporation to readjust

Thailand's credibility from "-A" to "A" in 1994. Moreover, President Clinton also sent a letter to Chuan praising the way he handled various issues such as the promulgation of the Intellectual Property Protection Law, the closure of border passes to create pressure on the Khmer Rouge, and narcotics suppression operations. Consequently, the United States increased its annual financial support for Thailand's military training program from $900,000 to $1,000,000.

Thai-U.S. relations during that period appeared healthy; so much so the former U.S. ambassador handed a name list of Thai politicians suspected of being involved in narcotics trafficking to officials of the Ministry of Foreign Affairs. The document was later used by the government as an effective tool against opposition politicians.

Amid the praise for the improvement in Thai-U.S. relations and the Saudi charge d'affaires' compliment for former prime minister Chuan Likphai, Kraisak Chunhawan maintained that Thailand had adopted a "defensive" and "passive" stance in dealing with the Saudi jewelry theft scandal. He believed that the crime should have been separated from the country's foreign policy and settled in the country without interference by the Saudi charge d'affaires.

At the same time, Colonel Thanat Khoman expressed his disagreement with the government's submission to U.S. pressure. In some cases, he claimed that the government had behaved in a "honorless" manner, criticizing the selfishness of politicians who only think of destroying their compatriot adversaries at the expense of the country's dignity and bargaining power. For this reason, he later decided to chair the committee set up to investigate the U.S. drug charges against the Thai politicians.

It was apparent that Col Thanat was unable to accomplish his set targets. His position was "weakened" by politicians in the government of Prime Minister Banhan Sinlapa-acha who, probably out of their ignorance, named the committee as the "Public Inquiry Commission" and later rejected his statement at the United Nations that was critical of the United States and his status as a representative of the government. One similarity of the government of former prime minister Chuan Likphai with that of Prime Minister Banhan Sinlapa-acha is that they both rely on "Thai-style foreign policy" in dealing with Saudi Arabia and the United States, which is likely to "encourage" other countries like Malaysia, Burma, Laos, or even Cambodia to apply "pressure-mounting" policies with Thailand.

Destructive Engagement

After the massive suppression drives against democratic forces, the nullification of the outcome of the general election, and the massacre of students and the Burmese people, the Burmese military regime, the so-called SLORC [State Law and Order Restoration Council], was in a state of coma. According to Western sources, the SLORC had available money in reserve for less than six months and ammunition in its depots that could last not more than one year.

Students and democracy-loving people fled the towns to join the minority groups along the areas bordering Thailand, Yunnan Province in the PRC, and Bangladesh. No less than ten minority groups merged themselves and set up the so-called "alternative government" with "Brang Seng" of the Kachin army as the commander of its armed forces.

The Mon, Karen, Wa, Kareni, Kachin, Pa-o, Arakan, and other minority groups were united with all the democracy-loving forces, except Khun Sa of the Shan State.

Being in the most desperate position, the SLORC approached the PRC for closer ties and sought assistance from the broker of ASEAN, Singapore. Later, Singapore ships were reported to have clandestinely delivered artillery pieces to Burma in the Gulf of Martaban.

In fact, Thailand is situated in a position that could determine the life and death of the SLORC because it shares a common border with Burma as long as 2,000 kilometers.

Unfortunately, Thailand, during the period, was giving top priority to "business interests." The government of General Prem Tinsulanon exerted all its efforts to bring prosperity to the country. The Ministry of Foreign Affairs even declared a policy of turning all "Thai ambassadors" in all parts of the world into "market explorers" to boost the country's exports. Meanwhile, more and more business people entered politics. Even Air Chief Marshal Sitthi Sawetsila, a former high-level security official, was hired as adviser to the CP [Charoenphokkhaphan] Company after his retirement from politics. "Profit and prosperity" seemed to be the craze of the era. This was the reason why the Thai military delegation was sent to establish contacts with the SLORC despite the fact the then Thai Government as well as the governments of other countries did not support the status of the Burmese dictatorial regime in the United Nations.

The visit to Burma of the first Thai military delegation during the low ebb of the SLORC opened enormous business opportunities such as logging, mining, and fishery concessions.

Gen Chatchai Chunhawan, the engineer of the scheme to extract profits from neighboring countries, even declared his policy of "turning the battlefields into marketplaces."

Thailand was then the first "drifting wood" the SLORC had to grab for its survival. The SLORC clung to Thailand so tightly that Gen Chawalit Yongchaiyut dared to give suggestions to Senior General Saw Maung on "how to draft a constitution."

The attempt of the Democratic Party, a member of Gen Chatchai Chunhawan's coalition government, to outshine its political genius was one of the factors that have had a strong impact on relations between the two countries. Major General Sanan Khachonprasat declared the policy of "closing the forests nationwide" while Samak Sunthorawet announced that such a rigid policy would never work because the country was still in need of wood for construction. Consequently, Thailand has to depend on wood from Burma, which eventually led to Thailand's foreign policy "being tied" with the Burmese regime.

Meanwhile, Thailand attempted to relieve the UN pressure on the Burmese junta by persuading other ASEAN member countries to work out new ways and means to open the door for Burma to the world outside so that Burma could gradually gain international recognition and the "profit" could be thoroughly shared. This method is called the "Constructive Engagement Policy." Thailand has been highly successful in propagating this policy. China voiced its support for the policy not for business profits but for permission to set up a military radar station and naval base to provide access to the sea to the southern province of Yunnan, which can be used as a strategic route, useful in case of any deterioration in Sino- Vietnamese relations.

Thailand was the top investor in Burma during the period. The profit earned from logging, mining, and fishery concessions was huge enough to turn small business people on the brink of bankruptcy into affluent entrepreneurs within a few years, and through their economic fortune these people entered politics. Some of them became cabinet members.

As Thai-Burmese relations were proceeding smoothly, the democratic forces and anti-SLORC minority groups were subjected to heavy liquidation. Chinese support for the Burma Communist Party [BCP] and Red Wa and Kachin ethnic groups in the north was suspended as as happened to the Communist Party of Thailand following successful negotiations between the governments of the two countries. The influence of Thakhin Ba Thein Tin, leader of the BCP had diminished. Brang Seng became powerless and died quietly. Unlike the Karen and Shan armies, his army was considered the major force of the anti-government elements because it received external assistance.

Moreover, to prove its sincerity, the Thai side started implementing a new policy to restrict border trade and block all forms of support for areas under control of the Karen, Mon, and Shan groups.

What happened to the Mon army was a clear example. The Thai military was ordered to block its medical and food supplies during the Burmese Government suppression drive. Thai security officials posing as representatives of the Burmese Government were secretly sent to persuade the Mons to come to the negotiating table for the sake of "national reconciliation."

As business ties between Thailand and Burma grew, more pressure was mounted on the minority groups. The profits from logging, mining, and fishing concessions become marginal when compared with 300-billion baht natural gas contract Thailand had signed to buy from Burma's "Yadana" field. Burma also has another huge deposit of natural gas at "Yetagun" field. In addition, Thailand also plans to divert water from the Irrawaddy River for electricity production in line with the 8th national development plan, called "the sinister development policy" by some intellectuals.

Regarding Thai-Burmese relations as something conducive to "national interests," Thai security authorities considered their secret missions to persuade Burmese minority groups to reconcile with SLORC and give up their armed struggle as "big sacrifices" for the country.

The government of former prime minister Chuan Likphai was formed following the victory of the democracy forces over the "dictatorial" regime during the Black May Incident. For that reason, it had to pretend to adopt a new policy on Burma.

It gave the green light to a Thai non-government organization to invite Nobel Prize laureates to come to Thailand and hold a news conference at the Thai-Burmese border calling for the release of Aung San Suu Kyi. That was all the Chuan government could do before going back to the old policy of "profits come first."

Judging from the attitude of the Burmese at that time, it was unlikely that the idea of exposing Burma to the world hoping to see the dictatorial regime lean toward the democratic line would materialize.

Burma expressed its resentment against the government for having allowed the Nobel Prize laureates into the country and became more suspicious of Thailand's attitude to the point that it declared that "Thai politicians" must be treated separately from the "Thai military." Now, it preferred negotiating with the Thai military to political appointees.

Throughout the tenure of the Chuan administration, Foreign Affairs Ministry officials had to rely on military support in dealing with Burma.

However, both the Thai military and government still adhered to the "profit-oriented policy" since they believed that it best served "national interests". Thailand gained as much as three billion baht in annual trade surplus with Burma.

Only a few years later, the ruling SLORC regime recovered from its coma and started building up its bargaining power which was further strengthened by Thailand's need for Burmese wood. Logging concessions for Thai entrepreneurs were the fruit of "bilateral cooperation" but with clearly "different objectives." Thai entrepreneurs blindly strived for "Burmese wood" and "profit" while the Burmese side was using logging concessions to destroy the strategic locations of the minority rebels and to create conflicts with Thai concessionaires.

"Profit" was not the only aim of the SLORC. As the Burmese dictatorial regime was making all efforts to consolidate its administration, the Thai side was striving madly for business gain. Both Thai entrepreneurs and the military shared the same perception that as an "undeveloped" country with no shopping malls or tall buildings with elevators, Burma could not pose any danger or harm Thailand in any way. The constructive engagement policy was therefore aimed at only making profits. Meanwhile, China's policy toward Burma was designed "to give" rather than to exploit the latter's natural resources. China built a road linking its Yunnan Province to Kengtung free of charge for Burma. Thailand also offered a joint investment scheme to build a road between Tachilek and Kengtung. However, the project is still in blueprints as the two countries have yet to reach any agreement. China has successfully built a radar station and dockyard in the Gulf of Martaban while Thailand is so proud of the hotels, entertainment places, and shops run by Thai entrepreneurs in Rangoon.

At the initial stage, Thailand's policy toward Burma was severely attacked by Burmese minority groups and democratic forces. They said it was a plan to "plunder natural resources" of the Burmese people. The fishing concessions along the Irrawaddy River robbed local fishermen of their livelihood because of the rapid depletion of fish and shrimp in the river. Under the natural gas purchase contract, a strategic road will be cut through the ethnic minority strongholds to provide Burmese troops with easy access to the Thai border. The Thai side has been urging minority groups to "earn revenue" from "business development." Thai entrepreneurs have shown their willingness to pay taxes to both the Burmese Government and to the Karen. The Electricity Generating Authority of Thailand has been implementing various development projects to change the way of life of the minority groups and encourage them to give up their 40-years-old struggle for national independence and freedom.

The Thai side believed that if people have money, they will not care for anything else including democracy, human rights, and liberty. They even thought that SLORC, if it is loaded with money, would also be fed up with its oppression of the people and turn to business as many Thai generals had done in the past. By so doing, they believed that they could turn the Burmese dictatorship into something some Thai academicians call "compromising dictatorial regime" like those of Thai generals Sarit Thanarat, Thanom Kittikhachon, and Kriangsak Chamanan.

Things did not seem to turn out as expected by Thai entrepreneurs. The huge amounts of money the SLORC gained from the constructive engagement policy were used for military purposes. In the past, the Burmese armed forces were obsolete and could control only the central region of the country. To maintain the legitimacy of their regime, they would launch suppression drives against the minority groups outside the cities during annual dry season, but they were not able to completely defeat their adversaries. After implementing the open door policy, the money from business deals with Thailand and other countries was used to develop the armed forces. Burma plans to recruit 500,000 soldiers next year, a number that is much higher than Thailand.

The Burmese dictators have spent huge sum of money to buy modern arms instead setting up harems as the Thai generals did in the past and their enemy is certainly not the communists.

Only a few years after cooperating with Thai security officials, the ruling regime recorded its biggest success in the past 40 years by managing to get some 10 minority groups sign cease-fire agreements. The Karen stronghold was captured and is now under the control of the so-called "Buddhist Karen force." The Mons have agreed to lay down their weapons. For the first time, Burmese troops have been fully deployed along the entire border with Thailand.

From the business point of view, Thailand has been highly successful in using profits earned from the exploitation of Burma's natural resources to support its economic growth for several consecutive years. However, from the military point of view, Thailand has already lost its important "strategic status." Burmese troops recently tore the cease-fire agreement they signed with the Karenni to facilitate their offensive against the Shan army, though they failed to win the battle. Now they have made a request, "a dangerous one" that has nothing to do with business — "to use Thai territory to launch attacks on the Shan army."

This has come to the point where Thai entrepreneurs must also think about the "sovereignty and territorial integrity" of the country.

Although they have been enjoying profitable businesses with Burma, the Thai military top brass have found it difficult to comply with the request. As a result, they have noticed a change in the attitude of the Burmese side. A statue of King Bayintnaung was erected next to the Thai border in Thachilek township. Gen Khin Nyunt frankly announced his plan to attack Thailand. Leaflets condemning Thailand and even offending the most-revered Thai figure were distributed along the common border. It was not a surprise that Gen Chawalit and his delegation were disappointed by the absence of Burmese army commander Gen Maung Aye at the reception banquet.

The Burmese have the right not to believe that dignity is important to "Thai people." Thailand is a country where a charge d' affaires can pressure and frustrate the government, the United States can have whatever it wants, where government stability is maintained through the destruction of other compatriots, and where the "profit" of businessmen is more important than "national interests."

During his latest visit to Thailand, Burmese leader Maung Khin repeatedly heard the Thai side talk about "certain proposals to relieve the pressure for business interests." His simple reply which was jokingly presented to the Thai side during a golf game was that "he was not assigned to negotiate these issues." The influence of businessmen who want to continue exploiting Burma over the government has become a major "pressure" force that Burma can use to dictate to the Thai Government, as the Saudi charge d' affaires did in the past.

The Thai military delegation members were shocked and almost fell from their chairs when during the talks the Burmese mentioned that the Thai Foreign Ministry should pay as much as 30 to 40 million baht in compensation for the damage its citizens suffered from attacks by Khun Sa soldiers believed to have operated from Thai territory. They did not say anything about their unpaid settlements for burning the Wang Kha marketplace 20 years ago, or for the killing and robbing of Thais citizens by Burmese troops in some incidents. A military officer who was a member of the Thai military delegation at the negotiations said in conclusion: "The United States is not our only father... Burma will also soon become our father."

We can no longer say the military can do a better job in negotiations with the Burmese military junta. We should realize that if any negotiations are based on "business interests," we will have to sacrifice the benefits of using the Burmese minority groups as our "bumper" against armed confrontations with Burma in the last 40 years. Moreover, business interests can force us to do anything, even kill our own people to please other countries, while the middle class is willing to trample on the government just to gain the sympathy of "foreign investors" and expect them to help rescue our dwindling stock market.

Malaysia Joins the Race

One can explain clearly what Thailand has gained from its leading role in the liquidation of "Malaysian rebels" or the "Communist Party of Malaya." The presence of the Malaysian rebels along the Thai border was formerly used by the Fourth Army Region to maintain Thailand's "strategic bargaining power."

After being disarmed, the rebels were allowed to settle in Thailand. A special budget was set aside to finance projects that were expected to turn them into good citizens so that they would stop creating problems for Malaysia.

This was probably how Thailand wanted to prove its "friendliness" and "sincerity" to Malaysia. The two neighbors had many conflicts in their several hundred year history.

Some people have suggested that Thailand ask Malaysia to help suppress the "separatist movement" along the Thai-Malaysian border. Prime Minister Mahathir Mohamed might want to reciprocate Thailand's generosity as he himself is having difficulties with Muslim politicians in the northern states along the Thai border. However, there have been new issues for the two countries to work on which are as serious as the terrorist activities along the common border.

As members of the now-defunct Southeast Asia Treaty Organization, Thailand and Malaysia fought a common enemy — communism. Now in ASEAN, they also share the same aim — economic success.

Judging from their economic competition and cooperation, Malaysia seems to be in a better position in many respects. They no longer have to worry about the communist threat and enjoy the firm economic foundation left behind by the British colonists. Malaysia has now invested in Cambodia, Burma, and Indochina and is as fast as Singapore and Indonesia in filling any vacuum created by the departure of Thai investors in those countries.

Unlike Thailand, Malaysia has never been responsible for solving any problems in Cambodia. However, it is now drawing up an economic plan for Cambodia, while Thai business guerrillas are being kicked out. In Burma, Malaysia and Singapore have replaced Thailand in many areas. Singapore, especially, is now the top investor in Burma while Thailand is ranked fourth.

Under the leadership of Mahathir Mohamed, Malaysia's foreign policy is totally different from Thailand's. The Malaysian prime minister dared to openly criticize U.S. interference at two APEC meetings. On many occasions, Mahathir declared his views against the major countries. Although Thailand and Malaysia are neighbors sharing a common border, their economic policies differ.

Statistics show that Malaysia has made the most Thai fishing trawler seizures since 1981. During this period, Malaysian authorities seized 817 Thai trawlers and arrested 7,705 crewmen. Thailand's fishing industry has been solely developed by the private sector without any government assistance. In the past decades, Malaysia has been trying to curb its growth by imposing restrictions on passage of its waters. Lately, it announced the extension of its territorial waters, overlapping an area claimed by Thailand. Pending the settlement of the conflict, the two countries have agreed to regard the overlapping territorial waters as the "joint development" zone. Still the problem lingers on due to the differences in the economic policies of the two countries.

Thailand proposes big projects such as the land bridge for the development of an oil transportation route from the west coast to the east coast to support the Southern Seaboard Development Program, while Malaysia is trying to link these schemes to assist its huge investment projects to develop Penang and Langkawi islands. So far, the two countries have not reached any agreement on the planned construction of Songkhla-Penang and Krabi-Khanom economic corridors.

Thailand and Malaysia have not yet worked out an acceptable profit-sharing formula for the joint development projects both on land and on sea along their common border. The Thai side has the impression that Malaysia is trying to control certain types of businesses in the south for its colossal industrial projects. At the same time, Malaysia is not happy with the fact that Thailand's economic plan is often changed and manipulated by unscrupulous entrepreneurs, and not through negotiations between the governments of the two countries.

With the Strait of Malacca also under its control, Malaysia pays close attention to defending its territorial waters. It conducted joint military exercises with India while Thailand was trapped by business negotiations with its neighboring countries. Differences in their foreign policies and economic plans are likely to result in more conflicts between the two countries. Thai military leaders have expressed their concern over the increase in Malaysia's military might. Thailand's submissive foreign policy has also encouraged Malaysia to launch more economic offensives.

The Thai Government has not reacted at all to Malaysian investment in the south. Local businessmen have complained that the opening of the deep seaport at Butterworth caused the revenue of Songkhla seaport to decline by 20 to 30 percent. The Thai Government is indifferent toward Malaysia's extension of territorial waters and decorations of Thai provincial governors and community leaders in recognition for their support of Malaysian businesses in the southern provinces. All the Thai Government has been caring about is its own political stability and investment by its people in the stock market.

The latest incident where a Thai fishing trawler was shot at by Malaysian authorities was a new step in reaffirming the "legality" of its newly-extended waters.

The Thai side claimed that the fishing trawler was fired at while on Indonesian waters. However, the call for Malaysia to bear the responsibility for the mishap was not loud enough to attract the public intention that was focussed on the government squabble against the mass media. It is obvious that Thailand's attitude in the international arena is something that can be described as let bygones be bygones.

As mentioned earlier, past Thai Governments had been forced to bow their heads even to the Saudi charge d'affaires. Unlike Thailand, Malaysia has never allowed the United States to pressure it. Now, it has joined hands with Burma without going through the "gateway" Thailand has always claimed to be.

The impromptu statement of the Malaysian Foreign Ministry deputy secretary general to "take the bodies of the fishermen back" but we will not pay any compensation as demanded by the Thai Foreign Ministry, has tremendously devalued Thailand's foreign policy in this region. Thailand clings to the old practice of speaking little and bringing all issues for discussion during the meeting of the border committee. The postponement of the meeting of the Thai- Malaysian Border Committee originally scheduled to take place in December has apparently "infuriated" Defense Minister Gen Chawalit Yongchaiyut and embarrassed the Thai military. However, this is only a small matter for Thailand because all attention is focused on whether the government will collapse and how the new cabinet will be reshuffled. Therefore, Malaysia can postpone the border committee meeting as long as possible to let the "legitimacy" of its newly-claimed territorial waters set in.

In the future, Thai territorial waters in the Gulf of Thailand will shrink with little space left for Thai fleets to sail around.

Dignity-Sovereignty-Profit and Military's Role

In the past decade, Thailand's policy is to make "profit." Both military and civilian governments formulated their foreign policies to serve the interests of businessmen.

Both governments of the National Peacekeeping Council [NPKC] and former prime minister Chuan Likphai adhered to the same constructive engagement policy.

The commercial ethos has prevailed in Thailand over the past decade. Great emphasis is placed on profitability and the country's economic growth rate. Government after government have talked about their success in securing a high annual growth rate, somewhere near 10 percent, while more businessmen have entered politics. Coup attempts and military influence have been curbed for the sake of "economic growth", not "democracy."

The NPKC was repeatedly condemned for having seized power, which allegedly caused the country to lose "dozens of billions of baht" in revenue — a crime more serious than depriving the people of their "democracy" and "freedom."

In a bid to retain power, the NKPC appointed the "business technocrat," Anan Panyarachun, to be the prime minister and managed to host the World Bank Conference. The NKPC was confident that it could later appoint its man to replace Anan with the full support from businessmen who treasure "profit" more than "freedom."

Leading business figures from the banking and industrial associations and chambers of commerce voiced their support for [former prime minister] General Suchinda Khraprayun and his NKPC. For them, dictatorship was not a problem as long as the ruling government continued to faithfully implement the profit-oriented policy.

After Gen Suchinda Khraprayun was compelled to surrender to the resistance of the democracy-loving force, and with their businesses affected, they turned away from Gen Suchinda. Suffice to say that the country's internal and foreign policies always stress compromise and negotiations. Policies of this nature only increase greed for economic gain and belittle national dignity, sovereignty, and freedom. The Thai armed forces have gained its strength and political power from fighting the internal war against communism. Unfortunately, they often use that political power to serve the interests of the business community, for it is believed that the "nation" and national "sovereignty" are the same as "profitability." The definition of freedom and democracy for businessmen is nothing but economic interests. The duties of the military under their democratic system are to "take orders from politicians and civilians" and faithfully comply with the policies of businessmen supporting big political parties.

Some officers in the Third Army Region have proposed the closure of the entire border with Burma to restore Thailand's superior strategic military position. However, the proposal, if implemented, will definitely have an adverse impact on the interests of Thai businesses in Burma. No government that relies on support from businessmen will agree to take such an action. This is similar to a situation in which people know well what democracy is and want it. The problem is they cannot, because the power wielders believe that democracy and business profit are the same thing. This is the reason why the government pays more attention to the stock market than the plight of the poor in rural areas.

When General Wimon Wongwanit was appointed the new army commander after the infamous May Incident, the army tried very hard to amend its impaired image by faithfully taking orders from a government supported by businessmen. They tried to turn themselves into "diplomats" as instructed by their superiors and to conduct negotiations with foreign countries for the Foreign Ministry. Politicians recognized the influencading business figures who could mislead the democracy-loving elements of the country to believe that economic "progress" is the same as "human rights and freedom."

Economic problems have been cited in calls for a change of government. The business community detests politicians whose reputations are bad, though they manage to win votes in the general election in rural areas. They pay little attention to the development of the political system, the unfair distribution of income, and all forms of prevailing injustices in the country.

They want a good government but will not make any sacrifice for national dignity and sovereignty.

The armed forces are "dangerous tools" under this type of political system. The armed forces which are weak and without honor and lack weapons and equipment to fight any enemy are ideal for a capitalist-style democratic system. As long as they cannot stage a coup, they are good enough.

Therefore, what former army commander Gen Wimon Wongwanit did to save the good image of the military was to please only a group of people in the country. Military might is no longer important because "profitability" can dictate everything. Territorial integrity can be traded for business interests. In the near future, the call to open more border passes for business will generate great pressure and problems for the government.

A military officer said after the departure the Burmese delegation led by Deputy Prime Minister Maung Maung Khin that if someone dared to cancel the natural gas deal signed with Burma, the dignity of the Thai military would not be as trampled on as it is today. However, this is impossible due to the huge sum of 300 billion baht involved. Even the disappearance of only a few dozen billion baht shoke government stability so badly that the finance minister was almost sacked to please foreign investors.

Navy Commander Admiral Prachet Siridet questioned whether it is an appropriate time for us to readjust our policies toward Burma and Malaysia.

Supreme Commander General Wirot Saengsanit is in a position to present these ideas to the civilian government. If he agrees with these views, he must use his utmost courage to save the dignity of the armed forces and the country. Society should be informed that the military has not posed any obstacle to the development of democracy. The real culprit is the wrong perception within society itself which covets material gain instead of spiritual benefit.

Vietnam

Ministry Official on Summit, Nuclear Treaty

BK0712154795 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 7 Dec 95

[FBIS Translated Text] The SRV Foreign Ministry's Press and Information Department held a regular news conference in Hanoi this afternoon, 7 November. Attending the function were reporters from various Vietnamese and foreign news agencies.

Answering a reporter's question on the ASEAN and regional summit conferences, Foreign Ministry spokesperson Mrs. Ho The Lan said that there have been many changes in the regional and world situation. ASEAN now has seven full members, and Vietnam will participate for the first time in the summit conference in Bangkok of ASEAN member countries heads of governments.

This summit conference is of great significance for Vietnam and other countries in the region. Prime Minister Vo Van Kiet and other ASEAN leaders will exchange views on trends and measures to further promote comprehensive cooperation among member countries and to expand ASEAN to a 10-member organization in Southeast Asia. The expansion is very important for the region, especially at the beginning of the 21st century.

A reporter asked about Vietnam's policy on the signing of a nuclear-free zone treaty for the region at the summit. The Foreign Ministry's spokesperson said: With the goal of moving toward a world free of nuclear arms in the future, ASEAN member countries are positively drafting a nuclear-free zone treaty for Southeast Asia for signing by leaders of the ASEAN countries at the fifth summit conference. Issues related to free passage for ships and aircraft carrying nuclear arms through the region will be reviewed and discussed at the summit conference, and the signing of this treaty is ASEAN's great contribution toward strengthening peace, security, stability, and cooperation in the Southeast Asian region without the intention to oppose any one country.

Mrs. Ho The Lan also answered many other questions asked by Vietnamese and foreign reporters on various issues.

Radio Hails Visit by Polish Vice Premier

BK0712151395 Hanoi Voice of Vietnam in English 1000 GMT 7 Dec 95

[Station commentary]

[FBIS Transcribed Text] The vice premier of Poland, Mr. Kolodko, on 6 December headed a government delegation to visit Hanoi. Our radio editor comments:

Poland and Vietnam have traditional friendship and cooperation. They have supported each other in the struggle for national independence, national defense and construction. Though the relation has undergone many ups and downs, it has continued to be maintained, consolidated, and developed, suitable to meet development in the region and the world.

In recent years, both countries continue to exchange high-level and other visits to promote bilateral relations and trade ties. In his visit to Eastern European countries of Czech, Slovakia, Hungary, Poland, and Romania in late 1994, Vice Premier Tran Duc Luong reaffirmed that Eastern Europe was a priority market and that in the implementation of the open-door foreign policy, Vietnam attached important to and continued to promote friendship and multilateral cooperation with its traditional customers such as the former Soviet Union and Eastern European countries. That is why Poland and

Eastern European countries highly appreciated the renovation process in Vietnam and affirmed that they would continue to strengthen relations with Vietnam.

On this occasion, Poland and Vietnam signed an agreement on encouragement and protection of investment and avoidance of double taxation. Poland agreed to write off 70 percent of Vietnam's debts.

The visit of Vice Premier Kolodko has taken place after Poland just held an election. It demonstrates the importance of friendship and cooperation. After arriving in Vietnam, the Polish vice premier held talks with the delegation of the Vietnamese Government led by Vice Premier Tran Duc Luong on measures to promote bilateral relations in economy and trade.

The two sides have also discussed regional and international issues and they also signed an agreement on navigation and the memorandum of understanding on transport and communications. The visit to Vietnam of the Polish vice premier has contributed to the development of relations between Vietnam and Poland.

Army Journal Discusses 'Peaceful Evolution'

BK0812120995 Hanoi TAP CHI QUOC PHONG TOAN DAN in Vietnamese Nov 95 p 62,63

[Commentary by Tran Mo: "Peaceful War"]

[FBIS Translated Text] I. An optimistic atmosphere about the prospect of a lasting peace emerged in the world following the Cold War. The reality, however, has not been exactly the same.

Obviously, a trend of peace, stability, and cooperation has clearly materialized in all continents. The trend of internationalization and regionalization is imposing a strong influence in all aspects of international life and society. Many common human issues (environmental protection, limiting the population explosion, fighting starvation, controlling dangerous diseases, and so forth) demand multilateral cooperation in order to address them. Conflicts in some regions have been resolved or temporarily settled. In other places, however, old disagreements have become more severe or new disagreements have emerged. While some countries have unified and lived peacefully with other countries after many years of effort, others have divided themselves into small countries. The nice peace process in South Africa and the national conciliation in Mozambique and Angola have not neutralized new and brutal conflicts in Algeria, Yemen, Somalia, and especially in Bosnia.

Even the Asia Pacific region, which is considered the most peaceful area, still remains full of destabilizing factors. The smoldering flame of territorial disputes in the sea, islands, and inland has existed for many years among many countries, waiting to flare up. The Asian people are currently both happy and worried by large countries inside and outside the region paying "attention" to this strategic area. All large countries are showing their strength and increasing their presence in order to fill the "power vacuum" here and are causing strong cooperation and competition. In reality, the Pacific region is not really pacified.

It is possible to generalize about the common situation in the current world in which fundamental contradictions still exist together with the increasing ethnic and religious conflicts in many regions and with the ongoing arduous, complex, and fierce class struggle under new forms — which includes confrontation, armed conflicts, and regional wars.

This is the "war in the peace" or, as Nixon put it, "the war in the name of peace" or "the peaceful war." This war is held in the form of cooperation and fighting through both conversation and confrontation. Its main front is economic, political, ideological, cultural, diplomatic, ... in combination with deterrence and military confrontation in many places.

As somebody has already said, the world has changed from "a cold war" to "a hot peace."

II. The unchanged policy of our party and state is to actively strive for peace, cooperation, development, and prosperity with all nations in the world community, especially with regional countries. Our joining of ASEAN, increasing cooperation with the European Community, the broadening of friendship relations with many other countries, and especially the establishment of official diplomatic relations with the United States have clearly manifested the goodwill and correct policy of our party and state.

It is not correct, however, if we see only cooperation and not fighting, nor the intentions of imperialism and opposing reactionary forces. They have been conducting the conspiracy of "peaceful evolution" against our country and are trying to cause unpredictable situations.

Their intention is to eliminate socialism in our country in the coming years. They plan to quickly penetrate the economic, ideological, and cultural fields to promote the development of capitalist factors. Then from economic changes, political upheavals can be created. An American wrote: "Washington will start a campaign of political freedom in Vietnam". (Footnote: Document of the Asia Studies Center, Heritage Foundation, Washington 19 July 1995). Without concealing his intentions, U.S. President Clinton declared: "I believe that the normalization and increasing contacts between Americans and Vietnamese will accelerate freedom in Vietnam, as it occurred in Eastern Europe and Soviet Unions earlier. I strongly believe that pulling the Vietnamese into a wide economic front of economic reform and the wide front of democratic reform will help to honor the sacrifice of people who fought for freedom in Vietnam" (!?).

The United States also said openly: "With the official normalization of relations, it will not only allow the United State to expand trade relations with Vietnam but will also, in a certain period of time, persuade Vietnam to abrogate communism." (Footnote: Document of the Asia Studies Center, Heritage Foundation, Washington 19 July 1995)

Applying the "supporting from the inside" strategy, the reactionary and hostile forces are concentrating their efforts to undermine us on the ideological front, with an aim to eliminating Marxism-Leninism and Ho Chi Minh Thought. It is their key task to infiltrate deeply into our ranks while creating changes from within our party and socialist state. They contend that "no one country can directly overthrow communism in Vietnam, and that only the communists can overthrow the communists themselves." As a result "it is necessary to persuade the communists to oppose one another in their theoretical concept, as well as in their practical guidance, thereby sowing division inside the Party." On the theoretical front, they distorted and attacked Marxism-Leninism, saying it is an "unscientific doctrine" that has been proven a failure after 70 years of experiment in Eastern Europe and the former Soviet Union. They also argued that Marxism was suitable only for 19th century society and that it is now obsolete, etc. Moreover, they have striven to attack Uncle Ho to discredit the "Ho Chi Minh sacred image" by distorting the fact of Uncle Ho's life and work and by criticizing Ho Chi Minh Thought and the path chosen by Uncle Ho. Many of them have used the "democracy" and "human rights" cards to attack and distort the nature of our system, saying it is "a socialist system only on the cover, while the inside is capitalism," and that "socialism claimed by Vietnam exists only in form, while communism has totally died in Vietnam." From this point, they suggest a concept of the third option: "the path toward nationalism and a democratic society," with their final aim to eliminate Marxism-Leninism. They intend to create confusion among the people, diminish their militancy, and sow division between the masses and the Communist Party. They have resorted to very "peaceful" methods, such as creating suspicion, distorting history, motivating a demand to review historical conclusions, smearing our party's efforts, perverting the communists' contribution and sacrifice, and exaggerating our party's shortcomings and mistakes. They have also striven "to prove" that our party has no historical role now, to create a demand to limit our party's leadership, and to depoliticize our Armed Forces and specialized and state agencies, and finally to encourage a demand for the end of our party's leadership. After this, they will integrate their forces to carry out political pluralism, establish a multiparty system, set up a free market economy, promote privatization in assets and natural resources, and lead our country into the orbit of capitalism.

In addition to the aforementioned schemes, they have also recruited many extremist elements to work for them through religious disguise, taking advantage of the people's belief in their religion and "spiritual power" to incite demands for "democracy" to create disturbances in our political stability, social order, and safety. The Hue incident on 24 May 1993 was an example in this regard.

The aforementioned schemes of the enemy are not their only tactics; however, they are sufficient to conclude that: "Our country is enjoying peace, and our political stability is firmly maintained, yet we are facing complicated factors that we should not belittle." The danger of "straying off the course of socialism" and the "peaceful evolution" scheme still pose a great threat to our people's revolutionary cause. In fact, the "peaceful war" has shown no sign of declining; it is escalating. As a result, while we advocate cooperation and mutual interests in a time of peace, we should remember that efforts to oppose "peaceful evolution," rebellion, and "spontaneous evolution" are the most urgent tasks in the cause of national defense at the present time. We should also stand ready to defeat the enemy under all circumstances.

Last but not least, we should heighten our vigilance against the "peaceful war."

Australia

New Singapore Military Facility Completed

BK0812093795 Melbourne Radio Australia in English 0500 GMT 8 Dec 95

[FBIS Transcribed Text] Singapore has taken another step in its build up of training facilities based in Australia at a ceremony at Rockhampton on Queensland central coast.

The completion of a facility for storage has been marked for the storage and maintenance of military vehicles. The facility is part of a $5-million contract for maintenance and logistic support for Singapore's armored training at Shaw Water Bay, north of Rockhampton.

Solomon Islands

Budget Approved Amid Strong Criticism

BK0812083295 Melbourne Radio Australia in English 0500 GMT 8 Dec 95

[FBIS Transcribed Text] The Solomon Islands' Parliament has passed the government's $240 million [Solomon Islands dollars] budget for 1996. Government MP's [members of parliament] unanimously approved Finance Minister Christopher Columbus Abe's budget after all but two members of the opposition walked out of Parliament ahead of the vote. Opposition MP's have strongly criticized the budget which leaves the country with the $16 million deficit. The government plans to introduce a controversial 2 percent tax on bank withdrawals which it says will raise $17 million in revenue and counter the budget deficit.

Vanuatu

Council of UMP Suspends Entire Executive

BK0812083195 Melbourne Radio Australia in English 0500 GMT 8 Dec 95

[FBIS Transcribed Text] Reports from Vanuatu say the National Council of the ruling Union of Moderate Party [UMP] has suspended the entire executive of the party and formed an interim executive. Local radio reports say the suspension was triggered by a breakaway faction of the party led by Party President Serge Vohor signing a memorandum of understanding with the opposition Unity Front on forming a new government.

The Unity Front is currently negotiating to form a coalition government after winning 20 of the 50 parliamentary seats in last week's general election. The ruling UMP won 17 seats. The National United Party won nine seats while the remaining seats went to minor parties and independents.

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